

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

Legislative History

Public Law 421--77th Congress

Chapter 26--2d Session

H. R. 5990

Table of Contents

Digest of Public Law 421	1
Index and Summary of History on H. R. 5990	3

PUBLIC LAW 421 - 77th CONGRESS

(P.R. 5990)

To further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes

Authorizes the Price Administrator to establish maximum prices on commodities, considering prices between October 1 and October 15, 1941, or other representative dates, and making adjustment for speculative fluctuations, changes in production and marketing costs, etc., after consultation with industries involved.

Authorizes the Administrator to establish maximum rents on housing in defense areas, considering rents prevailing April 1, 1941, and making adjustments for other factors.

Permits the Administrator to regulate or prohibit speculative or manipulative practices or hoarding in connection with any commodity or defense-area housing.

Authorizes the Administrator, when necessary to increase production, to buy, sell, store, or use commodities or make subsidy payments to domestic producers. Permits use of this power with respect to imports only if domestic production is not sufficient. Prohibits use of this power to authorize disposition of agricultural commodities contrary to Agricultural Adjustment Act of 1938, or to prohibit trading in agricultural commodities for future delivery if subject to Commodity Exchange Act.

Prohibits the establishment of maximum prices for agricultural commodities, or commodities processed or manufactured in whole or substantial part from agricultural commodities, below the highest of (1) 110 percent of parity or comparable price adjusted for grade, location, and seasonal differentials; (2) market price on October 1, 1941; (3) market price on December 15, 1941; or (4) average price from July 1, 1919, to June 30, 1929.

Provides that parity prices shall be determined by the Secretary of Agriculture and that he shall determine comparable prices for non-basic commodities.

Provides that this Act shall not be construed to modify, repeal, supersede or affect the Agricultural Marketing Agreement Act of 1937.

Provides that no action shall be taken with respect to agricultural commodities without prior approval of the Secretary of Agriculture but permits the Administrator to enforce requirements with respect thereto previously approved by the Secretary. Authorizes the Administrator to confer with producers and marketers of commodities, to cooperate with any agency or person, and to enter into voluntary agreements which do not modify any previously issued requirements.

— Creates an Office of Price Administration to be under the direction of the Price Administrator. Permits the Administrator to utilize the services of Federal State and local agencies and voluntary and compensated services.

Authorizes the President to transfer Office of Price Administration functions with respect to a particular commodity or commodities to any other Government agency having other functions relating to the commodity or commodities, and to transfer to the Office of Price Administration priority or rationing functions of

of other Government agencies except those of the Secretary of Agriculture, and functions of other Government agencies with respect to agricultural commodities except those relating to priorities or rationing.

Authorizes the Administrator to make investigations and obtain information needed to carry out the Act. Provides for protests and for appeals to the Emergency Court of Appeals in connection with orders under the Act.

Authorizes the Administrator to issue or require licenses as a condition of selling commodities to which price schedules, etc., are applicable, with certain exceptions, and prohibits license requirement of any farmer as a condition of selling agricultural commodities produced by him. Contains penalty provisions including suspension of licenses.

INDEX AND SUMMARY OF HISTORY OF H. R. 5990

July 30, 1941 Message from the President of the United States transmitting request for legislation stabilizing the price of various commodities and rentals. House Doc. 332.

August 1, 1941 S. 1810 was introduced by Senator Glass and was referred to the Senate Committee on Banking and Currency. Print of the bill. (Companion bill).

 H. R. 5479 was introduced by Rep. Steagall and was referred to the House Committee on Banking and Currency. Print of the bill. (Similar bill).

August 5, 1941 Hearings: House, H. R. 5479. Pt. 1.

September 19, 1941 Hearings: House, H. R. 5479. Pt. 2.

November 7, 1941 House Committee reported H. R. 5990 without amendment. House Rept. 1409. Print of the bill as reported.

November 21, 1941 House Rules Committee reported H. Res. 348 for the consideration of H. R. 5990.

November 24, 1941 House began debate on H. R. 5990.

November 25, 1941 Debate continued.

November 26, 1941 Debate continued.

November 28, 1941 Debate concluded. Passed with amendments.

December 4, 1941 H. R. 5990 was referred to the Senate Committee on Banking and Currency. Print of the bill as referred.

 Amendment proposed, in the nature of a substitute, by Senator Taft. Print of the amendment.

December 9, 1941 Hearings: Senate, H. R. 5990.

December 17, 1941 Amendment proposed by Senator Lodge. Print of the amendment.

December 22, 1941 Amendments proposed by Senator Thomas. Prints of the amendments.

January 2, 1942 Senate Committee reported H. R. 5990 with an amendment in the nature of a substitute. Senate Report 931. Print of the bill as reported.

January 2, 1942	H. R. 5990 discussed in the Senate.
January 5, 1942	H. R. 5990 discussed in the Senate. Amendments proposed by Senators Taft and Bankhead. Prints of the amendments.
January 6, 1942	Amendments proposed by Senators McCarran and O'Mahoney. Prints of the amendments. H. R. 5990 made unfinished business in the Senate.
January 7, 1942	H. R. 5990 debated in the Senate. Amendments proposed by LaFollette, Overton and Thomas. Prints of the amendments.
January 8, 1942	Debate continued. Amendments proposed by Senators Ball, Butler, George, O'Mahoney, and Lucas. Prints of the amendments.
January 9, 1942	Debate continued. Amendments proposed by Senators McCarran, O'Mahoney, and Tydings. Prints of the amendments.
January 10, 1942	Debate concluded. Passed the Senate with amendments. Senate Conferees appointed.
January 12, 1942	Print of H. R. 5990 with the amendments of the Senate.
January 13, 1942	House Conferees appointed.
January 22, 1942	House received the Conference Report. House Rept. 1658.
January 26, 1942	House agreed to the Conference Report. Senate received the Conference Report.
January 27, 1942	Senate agreed to the Conference Report.
January 30, 1942	Approved. Public Law 421.

77TH CONGRESS
1ST SESSION

S. 1810

IN THE SENATE OF THE UNITED STATES

AUGUST 1 (legislative day, JULY 28), 1941

MR. GLASS introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

A BILL

To further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 TITLE I—GENERAL PROVISIONS AND AUTHORITY

4 PURPOSES; TIME LIMIT

5 SECTION 1. (a) It is hereby declared that it is in the
6 interest of the national defense and security and the purposes
7 of this Act are (1) to preserve the value of the national
8 currency against the consequences of price and credit in-
9 flation; (2) to stabilize prices and to prevent speculative,
10 unwarranted, and abnormal increases in prices and rents;

1 (3) to prevent economic disturbances, labor disputes, bur-
2 dens upon interstate and foreign commerce, interference with
3 the effective use of the Nation's resources for defense, and
4 impairment of national unity and morale, which would result
5 from unwarranted increases in prices, rents, and the cost of
6 living; (4) to eliminate and prevent profiteering, hoarding,
7 manipulation, speculation, and other disruptive practices re-
8 sulting from abnormal market conditions or scarcities caused
9 by or contributing to the national emergency; (5) to pre-
10 vent prospects of price rises from encouraging the accumu-
11 lation and withholding of materials needed for national
12 defense, and from impeding long-term commitments for pro-
13 duction; (6) to assure that defense appropriations are not
14 dissipated by excessive prices; (7) to obtain the maximum
15 necessary production without undue profits to low-cost pro-
16 ducers; (8) to protect persons with relatively fixed and
17 limited incomes, investors, and persons dependent on life
18 insurance, annuities, and pensions from undue impairment
19 of their standard of living; (9) to prevent a post-emergency
20 collapse of values, and the reappearance of price and cost
21 disparities for farmers and other primary producers; and
22 (10) to provide procedures for administration and review
23 which will fairly protect the interests of those subject to this
24 Act, without endangering the dominant public interest in
25 the accomplishment of the foregoing purposes.

1 (b) The provisions of this Act, and all regulations,
2 orders, and requirements thereunder, shall terminate upon
3 the expiration of one year from the date of a declaration by
4 the President, or the Congress by concurrent resolution, that
5 the further continuance of the authority granted by this Act
6 is not necessary in the interest of the national defense and
7 security; except that as to offenses committed, or rights or
8 liabilities incurred, prior to the expiration of one year from
9 the date of such declaration, the provisions of this Act and
10 such regulations, orders, and requirements, shall be treated
11 as still remaining in force for the purpose of sustaining any
12 proper suit, action, or prosecution with respect to any such
13 right, liability, or offense. During such one-year period the
14 authority granted by this Act to the President shall be
15 exercised in such manner as to facilitate readjustment to
16 normal conditions.

17 PRICES, RENTS, AND MARKET PRACTICES

18 SEC. 2. (a) Whenever in the judgment of the President
19 the price or prices of a commodity or commodities have risen
20 or threaten to rise to an extent or in a manner inconsistent
21 with the purposes of this Act, he shall by regulation or order
22 establish such ceiling or ceilings as in his judgment will be
23 generally fair and equitable to buyers and sellers of such
24 commodity or commodities and will effectuate the purposes
25 of this Act. So far as practicable, in establishing any ceiling

1 for any specified commodity, the President shall ascertain and
2 give due consideration to the prices prevailing for the com-
3 modity on or about July 29, 1941, and shall make adjust-
4 ments for such relevant factors as he may determine and
5 deem to be of general applicability in respect of the com-
6 modity, including the following: Speculative fluctuations,
7 general increases or decreases in costs of production and
8 transportation, and general increases or decreases in profits
9 earned by sellers of the commodity, during and subsequent to
10 the year ending July 29, 1941. Every regulation or order
11 establishing any ceiling under this subsection shall be accom-
12 panied by a statement of the considerations involved in the
13 issuance of such regulation or order.

14 (b) Whenever in the judgment of the President such
15 action is necessary or proper in order to effectuate the pur-
16 poses of this Act, he shall issue declaration designating
17 defense-rentals areas and defense-area housing accommoda-
18 tions, and setting forth the necessity for, and recommenda-
19 tions with reference to, the stabilization or reduction of rents
20 for defense-area housing accommodations within each area
21 so designated. If within sixty days after the issuance of any
22 such recommendations rents for any such accommodations
23 have not in the judgment of the President been stabilized or
24 reduced by State or local regulation, or otherwise, in accord-
25 ance with the recommendations, the President shall by regu-

1 lation or order establish such ceiling or ceilings for such
2 accommodations as in his judgment will effectuate the pur-
3 poses of this Act. In designating defense-rental areas or
4 defense-area housing accommodations, in prescribing ceilings
5 for such accommodations, and in selecting persons to admin-
6 ister such ceilings, the President shall, to such extent as he
7 determines to be practicable, consider any recommendations
8 which may be made by State and local officials concerned with
9 housing or rental conditions in any defense-rental area.

10 (c) Any ceiling or ceilings may be established in such
11 form and manner, may contain such classifications and dif-
12 ferentiations, and may provide for such adjustments, as in
13 the judgment of the President are necessary or proper in
14 order to effectuate the purposes of this Act. The President
15 may establish a ceiling or ceilings below the general market
16 prices for the commodity or commodities, or below the rent
17 or rents, as the case may be, in effect at the time of the
18 establishment of such ceiling or ceilings.

19 (d) Whenever in the judgment of the President such ac-
20 tion is necessary or proper in order to effectuate the pur-
21 poses of this Act, he may, by regulation or order, regulate
22 or prohibit, with respect to any commodity, speculative or
23 manipulative practices, selling, marketing, or inventory prac-
24 tices (including practices relating to changes in form or
25 quality), hoarding, or other practices, which in his judg-

1 ment are equivalent to or are likely to result in price in-
2 creases inconsistent with the purposes of this Act.

3 (e) Whenever in the judgment of the President such
4 action is necessary or proper in order to effectuate the pur-
5 poses of this Act, he may, on behalf of the United States,
6 without regard to any provision of law requiring competitive
7 bidding, buy, store, or use, or sell at public or private sale,
8 any commodity, upon such terms as he shall deem necessary
9 to obtain the maximum necessary production of marginal or
10 high-cost producers, or to prevent price increases inconsistent
11 with the purposes of this Act. The proceeds of any sale
12 under this subsection shall be used as a revolving fund for
13 carrying out the provisions of this subsection.

14 AGRICULTURAL COMMODITIES

15 SEC. 3. (a) No ceiling shall be established for any
16 agricultural commodity below (1) 110 per centum of the
17 parity price or comparable price for such commodity, as
18 determined and published by the Secretary of Agriculture,
19 or (2) the market price prevailing for such commodity on
20 July 29, 1941.

21 (b) For the purposes of this Act, parity prices for
22 agricultural commodities shall be determined and published
23 by the Secretary of Agriculture as authorized by law.

24 (c) The provisions of section 2 of this Act shall not
25 be construed to authorize any action contrary to the pro-
26 vision and purposes of this section.

PROHIBITIONS

1
2 SEC. 4. (a) It shall be unlawful, regardless of any
3 agreement, lease, or other obligation heretofore or here-
4 after entered into, for any person to sell or deliver any com-
5 modity, to demand or receive any rent, or otherwise to do or
6 omit to do any act, in violation of any regulation, order,
7 or other requirement, under this Act, or to offer or agree
8 to do any of the foregoing: *Provided*, That nothing in this
9 Act shall be construed to require any person to sell any
10 commodity or to offer any accommodations for rent.

11 (b) It shall be unlawful for any officer or employee of
12 the Government to disclose, otherwise than in the course
13 of official duty, any information obtained under this Act,
14 or to use any such information for personal benefit.

15 TITLE II—ADMINISTRATION AND ENFORCE-
16 MENT

ADMINISTRATION: PERSONNEL

17
18 SEC. 201. (a) The President may, from time to time,
19 issue such regulations and orders as he may deem necessary
20 or proper in order to carry out the purposes and provisions
21 of this Act, and to prevent the circumvention or evasion
22 thereof.

23 (b) Wherever reference is made in this Act to the
24 President, such reference shall include, in addition to the
25 President, any department, agency, officer, or employee,

1 designated or appointed by the President for the execution
2 of any power, authority, or discretion vested in the Presi-
3 dent by this Act. Industrial, price, and other experts
4 appointed under this Act may be appointed without regard
5 to the civil-service laws.

OBTAINING INFORMATION

7 SEC. 202. (a) The President may make such studies and
8 investigations, and obtain or require the furnishing of such
9 information under oath or affirmation or otherwise, as he
10 deems necessary or proper to assist him in prescribing any
11 regulation or order under this Act, and in the administration
12 and enforcement of this Act, and regulations and orders
13 thereunder. For such purposes the President may administer
14 oaths and affirmations, may require by subpoena or other-
15 wise the attendance and testimony of witnesses and the
16 production of documents at any designated place, may require
17 persons to permit the inspection and copying of documents,
18 and the inspection of inventories, and may, by regulation or
19 order, require the making and keeping of records and other
20 documents and the making of reports. No person shall be
21 excused from complying with any requirement under this
22 section because of his privilege against self-incrimination, but
23 the immunity provisions of the Compulsory Testimony Act
24 of February 11, 1893 (U. S. C., 1934 edition, title 49, sec.

1 46) shall apply with respect to any individual who specifi-
2 cally claims such privilege.

3 (b) The President shall not publish or disclose any
4 information obtained under this Act that he deems confiden-
5 tial unless he determines that the withholding thereof is
6 contrary to the interest of the national defense and security.

7
8 PROCEDURE

9 SEC. 203. (a) Regulations or orders establishing any
10 ceiling or ceilings may be issued after such inquiry as the
11 President deems necessary or proper. Within a period of
12 sixty days after the issuance of any such regulation or order
13 any person subject to the provisions thereof may, in accord-
14 ance with regulations to be prescribed by the President, file
15 a protest specifically setting forth objections to such regulation
16 or order and affidavits or other written evidence in support of
17 such objections. At any time after the expiration of such
18 sixty days any person subject to the provisions of such regu-
19 lation or order may file such a protest based solely on grounds
20 arising after the expiration of such sixty days. Statements
21 in support of any such regulation or order may be received
22 and incorporated in the transcript of the proceedings at such
23 times and in accordance with such regulations as may be
24 prescribed by the President. Within a reasonable time after
the filing of any protest under this subsection, but in no event

1 more than thirty days after such filing or ninety days after
2 the issuance of the regulation or order in respect of which
3 the protest is filed, whichever occurs later, the President
4 shall either grant or deny such protest in whole or in part,
5 notice such protest for hearing, or provide an opportunity to
6 present further evidence in connection therewith.

7 (b) In any proceedings under this Act the President
8 may take official notice of economic and other facts, including
9 facts found by him as a result of action taken under section
10 202, and may limit such proceedings to the filing of affidavits
11 or other written evidence, or the filing of briefs.

12 REVIEW

13 SEC. 204. (a) Any protestant who is aggrieved by the
14 denial or partial denial of his protest, may, within thirty
15 days after such denial, file a complaint with the emergency
16 court of appeals, created pursuant to subsection (c), praying
17 that the regulation or order protested be set aside in whole or
18 in part. A copy of such complaint shall forthwith be served on
19 the President who shall certify and file with such court a tran-
20 script of the proceedings in connection with the protest which
21 shall include a statement of the materials of which the Presi-
22 dent has taken official notice. Upon the filing of such tran-
23 script the court shall have exclusive jurisdiction to affirm or
24 set aside such regulation or order, in whole or in part, or to
25 remand the proceeding: *Provided*, That the regulation or

1 order may be modified or rescinded by the President at any
2 time notwithstanding the pendency of such complaint. No
3 objection to any regulation or order, and no evidence in sup-
4 port of any objection thereto, shall be considered by the
5 court, unless such objection shall have been set forth by com-
6 plainant in the protest or such evidence shall be contained in
7 the transcript. If application is made to the court by either
8 party for leave to introduce additional evidence which was
9 either offered to the President and not admitted, or which
10 could not reasonably have been offered to the President, and
11 the court determines that such evidence is material, the court
12 shall order the evidence to be presented to the President.
13 The President shall promptly receive the same, and such
14 other evidence as he deems necessary or proper, and there-
15 upon he shall certify and file with the court a transcript
16 thereof, and any modification made in the regulation or order
17 as a result thereof, except that on request by the President,
18 any such additional evidence may be presented directly to
19 the court.

20 (b) No such regulation or order shall be set aside, in
21 whole or in part, unless the complainant establishes to the
22 satisfaction of the court that the regulation or order is not in
23 accordance with law, or is arbitrary or capricious. The effec-
24 tiveness of a judgment of the court setting aside in whole or
25 in part any such regulation or order shall be postponed until

1 the expiration of thirty days from the entry thereof, except
2 that if a petition for a writ of certiorari is filed with the Su-
3 preme Court under subsection (d) within such thirty days,
4 the effectiveness of such judgment shall be postponed until
5 an order of the Supreme Court denying such petition becomes
6 final, or until other final disposition of the case by the Supreme
7 Court.

8 (c) There is hereby created a court of the United States
9 to be known as the Emergency Court of Appeals, which shall
10 consist of three or more judges to be designated by the Chief
11 Justice of the United States from judges of United States
12 district courts and courts of appeals. The Chief Justice of
13 the United States shall designate one of such judges as chief
14 judge of the Emergency Court of Appeals, and may, from
15 time to time, designate additional judges for such court and
16 revoke previous designations. The chief judge may, from
17 time to time, divide the court into divisions of three or more
18 members, and any such division may render judgment as the
19 judgment of the court. The court shall have the powers of a
20 district court with respect to the jurisdiction conferred on it
21 by this Act, except that it shall exercise its powers and pre-
22 scribe rules governing its procedure in such manner as to
23 expedite the determination of cases of which it has jurisdic-
24 tion under this Act. The court shall have a seal, hold ses-
25 sions at such places as it may specify, and appoint a clerk
26 and such other employees as it deems necessary or proper.

(d) Within thirty days after entry of a judgment, interlocutory or final, by the Emergency Court of Appeals, including a judgment under section 205 (c) (2), a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment shall be subject to review by the Supreme Court in the same manner as a judgment of a circuit court of appeals as provided in section 240 of the Judicial Code, as amended (U. S. C., 1934 edition, title 28, sec. 347). The Supreme Court shall expedite the disposition of all causes filed therein pursuant to this subsection. The Emergency Court of Appeals, and the Supreme Court upon review of judgments of the Emergency Court of Appeals, shall have exclusive jurisdiction to determine the validity of any ceiling regulation or order, and of the provisions of this Act authorizing such regulation or order. Except as provided in this section, no court, Federal, State, or Territorial, shall have power to consider such validity, or to stay, restrain, enjoin, or set aside, in whole or in part, any such provision of this Act, or any provision of any such regulation or order.

ENFORCEMENT

SEC. 205. (a) Whenever in the judgment of the President any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of this Act, or of any regulation, order, or requirement

1 thereunder, he may make application to the appropriate court
2 for an order enjoining such acts or practices, or for an order
3 enforcing compliance with this Act or such regulation, order,
4 or requirement, and upon a proper showing, a permanent or
5 temporary injunction, restraining order, or other order shall
6 be granted without bond.

7 (b) If any person selling a commodity violates a regu-
8 lation or order prescribing a ceiling or ceilings, the person
9 who is the buyer of the commodity may either bring suit to
10 rescind the sale, or bring an action for \$50 or treble the
11 amount by which the consideration exceeded the applicable
12 ceiling, whichever is the greater, plus reasonable attorneys'
13 fees and costs as determined by the court. No person who
14 in good faith brings suit or action under this subsection
15 within six months after delivery is completed shall be subject
16 to punishment, with respect to the transaction constituting
17 the basis of such suit or action, and no person who buys a
18 commodity for use or consumption other than in the course
19 of trade or business shall be subject to punishment, for con-
20 spiracy to violate, or for aiding and abetting a violation of,
21 any provision of this Act or any regulation or order there-
22 under. If the buyer fails to bring such suit or action in good
23 faith within six months after delivery is completed, the Presi-
24 dent may, within the succeeding six months, bring such
25 action under this subsection on behalf of the United States.

1 Institution of such action by the President within such
2 succeeding six months, or institution by the buyer of a suit
3 or action in good faith, shall bar subsequent institution of
4 any suit or action with respect to the same transaction. Any
5 suit or action under this subsection may be brought in any
6 court of competent jurisdiction, and shall be instituted within
7 one year after delivery is completed. For the purposes of
8 this subsection and subsection (c) the payment or receipt of
9 rent shall be deemed the buying or selling of a commodity as
10 the case may be.

11 (c) (1) Whenever in the judgment of the President
12 such action is necessary or proper in order to carry out the
13 provisions and purposes of this Act, he may by regulation
14 or order issue or require a license as a condition of engaging
15 in any transaction with respect to which a regulation or
16 order may be issued under this Act. No such license shall
17 contain any provision which could not be prescribed by
18 regulation, order, or requirement under this Act: *Provided*,
19 That no such license may be required as a condition of sell-
20 ing or distributing newspapers, periodicals, books, or other
21 printed or written material.

22 (2) Whenever in the judgment of the President a per-
23 son has violated any of the provisions of a license issued
24 under this subsection a warning notice shall be sent by
25 registered mail to such person. If the President finds, after

1 opportunity for hearing upon at least ten days' notice, that
2 a warning notice has been sent and that a violation of any
3 of the provisions of a license has occurred subsequent to
4 the receipt of such warning notice, he may by order sus-
5 pend or revoke such person's license. Such suspension or
6 revocation shall not confer any immunity from the other
7 provisions of this section. Within thirty days after issuance
8 of such order of suspension or revocation the licensee may
9 file a petition to review such action in the Emergency Court.
10 Thereupon the President shall certify and file with such
11 court a transcript of the record upon which the order com-
12 plained of was entered. Upon the filing of such transcript
13 the court shall have exclusive jurisdiction to affirm or set
14 aside, in whole or in part, the suspension or revocation of
15 the license, or to remand the proceeding: *Provided*, That
16 the President may modify or rescind the requirement of the
17 license or the suspension or revocation at any time notwith-
18 standing the pendency of the petition to review. The court
19 may, upon good cause shown, stay the effectiveness of the
20 suspension or revocation. The revocation or suspension shall
21 be affirmed if the finding of violation after receipt of warning
22 notice is supported by substantial evidence in the record.

23 (d) Any person who willfully violates any provision of
24 this Act or any regulation, order, or requirement thereunder,
25 and any person who willfully falsifies in any material respect

1 a document or report required to be kept or filed there-
2 under, shall, upon conviction thereof, be fined not more than
3 \$5,000, or imprisoned for not more than one year, or both.
4 Whenever the President has reason to believe that any per-
5 son is liable to punishment under this subsection, he may
6 certify the facts to the Attorney General, who may, in his
7 discretion, cause appropriate proceedings to be brought.

8 (e) The district courts shall have jurisdiction of viola-
9 tions of this Act and of regulations, orders, or requirements
10 thereunder, and concurrently with State and Territorial
11 courts, of all civil proceedings to enforce any liability or duty
12 created by, or to enjoin any violation of, this Act or any regu-
13 lation, order, or requirement thereunder. Such civil pro-
14 ceedings and any criminal proceedings may be brought in
15 any district in which any act or transaction constituting the
16 violation occurred. Any such civil proceedings may also be
17 brought in the district in which the defendant resides or
18 transacts business, and process in such cases may be served
19 in any district wherein the defendant resides or transacts
20 business or wherever the defendant may be found. No costs
21 shall be assessed against the United States Government in
22 any proceeding under this Act.

23 (f) No person shall be held liable for damages or penal-
24 ties in any Federal, State, or Territorial court, on any grounds
25 for or in respect of anything done or omitted to be done in

1 good faith pursuant to any provision of this Act or any regu-
2 lation, order, or requirement thereunder, notwithstanding that
3 subsequently such provision, regulation, order, or require-
4 ment may be modified, rescinded, or determined to be in-
5 valid. The President may intervene in any suit or action
6 wherein a party relies for ground of relief or defense upon
7 this Act or any regulation, order, or requirement thereunder.

8 TITLE III—MISCELLANEOUS

9 QUARTERLY REPORT

10 SEC. 301. The President from time to time, but not less
11 frequently than once every ninety days, shall transmit to the
12 Congress a report of operations under this Act. If the
13 Senate or the House of Representatives is not in session,
14 such reports shall be transmitted to the Secretary of the
15 Senate, or the Clerk of the House of Representatives, as the
16 case may be.

17 DEFINITIONS

18 SEC. 302. As used in this Act—

19 (a) The term “sale” includes sales, dispositions, ex-
20 changes, leases, and other transfers, and contracts and offers
21 to do any of the foregoing. The terms “sell”, “selling”,
22 “seller”, “buy”, and “buyer”, shall be construed accordingly.

23 (b) The term “price” means the consideration de-
24 manded or received in connection with the sale of a com-
25 modity.

1 (c) The term "commodity", in addition to commodities,
2 articles, products, and materials, includes services rendered
3 in connection with the processing, distribution, storage, in-
4 stallation, repair, or negotiation of purchases or sales, or a
5 commodity, or in connection with the operation of any service
6 establishment: *Provided*, That nothing in this Act shall be
7 construed to authorize the regulation of (1) compensation
8 paid by an employer to any of his employees, or (2) rates
9 charged by any common carrier or other public utility.

10 (d) The term "defense-rental area" means any area
11 designated by the President as an area where defense ac-
12 tivities have resulted or threaten to result in a shortage of
13 rental housing accommodations.

14 (e) The term "defense-area housing accommodations"
15 means housing accommodations within any defense-rental
16 area which are designated by the President, and (1) which
17 were, subsequent to August 31, 1940, rented or offered for
18 rent at a rate of \$15 per room per month, or less, and which
19 at the time of such designation are being rented or offered
20 for rent at a rate of 10 per centum or more, in excess thereof;
21 or (2) which are comparable in rental value to any accom-
22 modations referred to in clause (1).

23 (f) The term "person" includes an individual, corpora-
24 tion, partnership, association, or any other organized group
25 of persons, or legal successor or representative of the fore-

1 going, and includes the United States or any agency thereof,
2 or any other government, or any of its political subdivisions,
3 or any agency of any of the foregoing: *Provided*, That no
4 punishment by fine or imprisonment provided by this Act
5 shall apply to the United States, or to any such government,
6 political subdivision, or agency.

7 (g) The term "ceiling", as applied to prices of com-
8 modities means the maximum consideration which may be
9 demanded or received for such commodities, and as applied
10 to rents, means the maximum consideration which may
11 be demanded or received for the use of defense-area housing
12 accommodations. Ceilings may be formulated in terms of
13 prices, rents, margins, commissions, fees, or other charges,
14 or allowances.

15 (h) The term "documents" includes records, books,
16 accounts, correspondence, memoranda, and other documents,
17 and drafts and copies of any of the foregoing.

18 (i) The term "district court" means any district court
19 of the United States and the United States court for any
20 Territory.

21 SEPARABILITY

22 SEC. 303. If any provision of this Act or the applica-
23 tion of such provision to any person or circumstances shall
24 be held invalid, the validity of the remainder of the Act

A BILL

To further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

By Mr. Glass

August 1 (legislative day, July 28), 1941

Read twice and referred to the Committee on
Banking and Currency

77TH CONGRESS
1ST SESSION

H. R. 5479

FILE COPY

IN THE HOUSE OF REPRESENTATIVES

AUGUST 1, 1941

Mr. STEAGALL introduced the following bill; which was referred to the Committee on Banking and Currency

A BILL

To further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **TITLE I—GENERAL PROVISIONS AND**

4 **AUTHORITY**

5 **PURPOSES: TIME LIMIT**

6 **SECTION 1.** (a) It is hereby declared that it is in the
7 interest of the national defense and security and the purposes
8 of this Act are (1) to preserve the value of the national
9 currency against the consequences of price and credit infla-
10 tion; (2) to stabilize prices and to prevent speculative, un-

1 warranted, and abnormal increases in prices and rents; (3)
2 to prevent economic disturbances, labor disputes, burdens
3 upon interstate and foreign commerce, interference with the
4 effective use of the Nation's resources for defense, and
5 impairment of national unity and morale, which would result
6 from unwarranted increases in prices, rents, and the cost of
7 living; (4) to eliminate and prevent profiteering, hoarding,
8 manipulation, speculation, and other disruptive practices
9 resulting from abnormal market conditions or scarcities caused
10 by or contributing to the national emergency; (5) to prevent
11 prospects of price rises from encouraging the accumulation
12 and withholding of materials needed for national defense, and
13 from impeding long-term commitments for production; (6)
14 to assure that defense appropriations are not dissipated by
15 excessive prices; (7) to obtain the maximum necessary pro-
16 duction without undue profits to low-cost producers; (8) to
17 protect persons with relatively fixed and limited incomes,
18 investors, and persons dependent on life insurance, annuities,
19 and pensions, from undue impairment of their standard of
20 living; (9) to prevent a post-emergency collapse of values,
21 and the reappearance of price and cost disparities for farmers
22 and other primary producers; and (10) to provide pro-
23 cedures for administration and review which will fairly pro-
24 tect the interests of those subject to this Act, without

1 endangering the dominant public interest in the accomplish-
2 ment of the foregoing purposes.

3 (b) The provisions of this Act, and all regulations, or-
4 ders, and requirements thereunder, shall terminate upon the
5 expiration of one year from the date of a declaration by the
6 President, or the Congress by concurrent resolution, that
7 the further continuance of the authority granted by this Act
8 is not necessary in the interest of the national defense and
9 security; except that as to offenses committed, or rights or
10 liabilities incurred, prior to the expiration of one year from
11 the date of such declaration, the provisions of this Act and
12 such regulations, orders, and requirements, shall be treated as
13 still remaining in force for the purpose of sustaining any
14 proper suit, action, or prosecution with respect to any such
15 right, liability, or offense. During such one-year period the
16 authority granted by this Act to the President shall be
17 exercised in such manner as to facilitate readjustment to
18 normal conditions.

19 PRICES, RENTS, AND MARKET PRACTICES

20 SEC. 2. (a) Whenever in the judgment of the President
21 the price or prices of a commodity or commodities have
22 risen or threaten to rise to an extent or in a manner in-
23 consistent with the purposes of this Act, he shall by regula-
24 tion or order establish such ceiling or ceilings as in his

1 judgment will be generally fair and equitable to buyers and
2 sellers of such commodity or commodities and will effectuate
3 the purposes of this Act. So far as practicable, in establish-
4 ing any ceiling for any specified commodity, the President
5 shall ascertain and give due consideration to the prices pre-
6 vailing for the commodity on or about July 29, 1941, and
7 shall make adjustments for such relevant factors as he may
8 determine and deem to be of general applicability in respect
9 of the commodity, including the following: Speculative fluc-
10 tuations, general increases or decreases in costs of production
11 and transportation, and general increases or decreases in
12 profits earned by sellers of the commodity, during and sub-
13 sequent to the year ending July 29, 1941. Every regula-
14 tion or order establishing any ceiling under this subsection
15 shall be accompanied by a statement of the considerations
16 involved in the issuance of such regulation or order.

17 (b) Whenever in the judgment of the President such
18 action is necessary or proper in order to effectuate the pur-
19 poses of this Act, he shall issue declaration designating
20 defense-rental areas and defense-area housing accommoda-
21 tions, and setting forth the necessity for, and recommenda-
22 tions with reference to, the stabilization or reduction of rents
23 for defense-area housing accommodations within each area
24 so designated. If within sixty days after the issuance of any
25 such recommendations rents for any such accommodations

1 have not in the judgment of the President been stabilized or
2 reduced by State or local regulation, or otherwise, in accord-
3 ance with the recommendations, the President shall by regu-
4 lation or order establish such ceiling or ceilings for such
5 accommodations as in his judgment will effectuate the pur-
6 poses of this Act. In designating defense-rental areas or
7 defense-area housing accommodations, in prescribing ceilings
8 for such accommodations, and in selecting persons to ad-
9 minister such ceilings, the President shall, to such extent
10 as he determines to be practicable, consider any recommen-
11 dations which may be made by State and local officials con-
12 cerned with housing or rental conditions in any defense-rental
13 area.

14 (c) Any ceiling or ceilings may be established in such
15 form and manner, may contain such classifications and dif-
16 ferentiations, and may provide for such adjustments, as in
17 the judgment of the President are necessary or proper in
18 order to effectuate the purposes of this Act. The President
19 may establish a ceiling or ceilings below the general market
20 prices for the commodity or commodities, or below the rent
21 or rents, as the case may be, in effect at the time of the
22 establishment of such ceiling or ceilings.

23 (d) Whenever in the judgment of the President such
24 action is necessary or proper in order to effectuate the pur-
25 poses of this Act, he may, by regulation or order, regulate

1 or prohibit, with respect to any commodity, speculative or
2 manipulative practices, selling, marketing, or inventory prac-
3 tices (including practices relating to changes in form or
4 quality), hoarding, or other practices, which in his judg-
5 ment are equivalent to or are likely to result in price in-
6 creases inconsistent with the purposes of this Act.

7 (e) Whenever in the judgment of the President such
8 action is necessary or proper in order to effectuate the pur-
9 poses of this Act, he may, on behalf of the United States,
10 without regard to any provision of law requiring competitive
11 bidding, buy, store, or use, or sell at public or private sale,
12 any commodity, upon such terms as he shall deem necessary
13 to obtain the maximum necessary production of marginal or
14 high-cost producers, or to prevent price increases inconsistent
15 with the purposes of this Act. The proceeds of any sale
16 under this subsection shall be used as a revolving fund for
17 carrying out the provisions of this subsection.

18 (f) No power conferred by this section shall be con-
19 strued to authorize any action contrary to the provisions and
20 purposes of section 3.

21 AGRICULTURAL COMMODITIES

22 SEC. 3. (a) No ceiling shall be established for any agri-
23 cultural commodity below (1) 110 per centum of the parity
24 price or comparable price for such commodity, as determined

1 and published by the Secretary of Agriculture, or (2) the
2 market price prevailing for such commodity on July 29,
3 1941.

4 (b) For the purposes of this Act, parity prices for agri-
5 cultural commodities shall be determined and published by
6 the Secretary of Agriculture as authorized by law.

7 (c) The provisions of section 2 of this Act shall not be
8 construed to authorize any action contrary to the provision
9 and purposes of this section.

10 PROHIBITIONS

11 SEC. 4. (a) It shall be unlawful, regardless of any
12 agreement, lease, or other obligation heretofore or hereafter
13 entered into, for any person to sell or deliver any commodity,
14 to demand or receive any rent, or otherwise to do or omit
15 to do any act, in violation of any regulation, order, or other
16 requirement, under this Act, or to offer or agree to do any
17 of the foregoing: *Provided*, That nothing in this Act shall
18 be construed to require any person to sell any commodity
19 or to offer any accommodations for rent.

20 (b) It shall be unlawful for any officer or employee
21 of the Government to disclose, otherwise than in the course
22 of official duty, any information obtained under this Act,
23 or to use any such information for personal benefit.

1 TITLE II—ADMINISTRATION AND ENFORCE-
2 MENT

3 ADMINISTRATION: PERSONNEL

SEC. 201. (a) The President may, from time to time,
issue such regulations and orders as he may deem necessary
or proper in order to carry out the purposes and provisions
of this Act, and to prevent the circumvention or evasion
thereof.

(b) Wherever reference is made in this Act to the President, such reference shall include, in addition to the President, any department, agency, officer, or employee, designated or appointed by the President for the execution of any power, authority, or discretion vested in the President by this Act. Industrial, price, and other experts appointed under this Act may be appointed without regard to the civil-service laws.

17 OBTAINING INFORMATION

18 SEC. 202. (a) The President may make such studies
19 and investigations, and obtain or require the furnishing of
20 such information under oath or affirmation or otherwise, as
21 he deems necessary or proper to assist him in prescribing
22 any regulation or order under this Act, and in the adminis-
23 tration and enforcement of this Act, and regulations and
24 orders thereunder. For such purposes the President may
25 administer oaths and affirmations, may require by subpoena

1 or otherwise the attendance and testimony of witnesses and
2 the production of documents at any designated place, may
3 require persons to permit the inspection and copying of
4 documents, and the inspection of inventories, and may, by
5 regulation or order, require the making and keeping of
6 records and other documents and the making of reports. No
7 person shall be excused from complying with any require-
8 ment under this section because of his privilege against self-
9 incrimination, but the immunity provisions of the Compul-
10 sory Testimony Act of February 11, 1893 (U. S. C., 1934
11 edition, title 49, sec. 46), shall apply with respect to any
12 individual who specifically claims such privilege.

13 (b) The President shall not publish or disclose any
14 information obtained under this Act that he deems con-
15 fidential unless he determines that the withholding thereof
16 is contrary to the interest of the national defense and security.

17 **PROCEDURE**

18 SEC. 203. (a) Regulations or orders establishing any
19 ceiling or ceilings may be issued after such inquiry as the
20 President deems necessary or proper. Within a period of
21 sixty days after the issuance of any such regulation or order
22 any person subject to the provisions thereof may, in ac-
23 cordance with regulations to be prescribed by the President,
24 file a protest specifically setting forth objections to such
25 regulation or order and affidavits or other written evidence

1 in support of such objections. At any time after the ex-
2 piration of such sixty days any person subject to the pro-
3 visions of such regulation or order may file such a protest
4 based solely on grounds arising after the expiration of such
5 sixty days. Statements in support of any such regulation
6 or order may be received and incorporated in the transcript
7 of the proceedings at such times and in accordance with
8 such regulations as may be prescribed by the President.
9 Within a reasonable time after the filing of any protest
10 under this subsection, but in no event more than thirty days
11 after such filing or ninety days after the issuance of the
12 regulation or order in respect of which the protest is filed,
13 whichever occurs later, the President shall either grant or
14 deny such protest in whole or in part, notice such protest
15 for hearing, or provide an opportunity to present further
16 evidence in connection therewith.

17 (b) In any proceedings under this Act the President
18 may take official notice of economic and other facts, in-
19 cluding facts found by him as a result of action taken under
20 section 202, and may limit such proceedings to the filing
21 of affidavits or other written evidence, or the filing of briefs.

22 REVIEW

23 SEC. 204 (a) Any protestant who is aggrieved by the
24 denial or partial denial of his protest, may, within thirty
25 days after such denial, file a complaint with the emergency

1 court of appeals, created pursuant to subsection (c), pray-
2 ing that the regulation or order protested be set aside in
3 whole or in part. A copy of such complaint shall forthwith
4 be served on the President who shall certify and file with
5 such court a transcript of the proceedings in connection
6 with the protest which shall include a statement of the
7 materials of which the President has taken official notice.
8 Upon the filing of such transcript the court shall have ex-
9 clusive jurisdiction to affirm or set aside such regulation or
10 order, in whole or in part, or to remand the proceeding:
11 *Provided*, That the regulation or order may be modified or
12 rescinded by the President at any time notwithstanding the
13 pendency of such complaint. No objection to any regulation
14 or order, and no evidence in support of any objection
15 thereto, shall be considered by the court, unless such objec-
16 tion shall have been set forth by complainant in the protest
17 or such evidence shall be contained in the transcript. If
18 application is made to the court by either party for leave
19 to introduce additional evidence which was either offered to
20 the President and not admitted, or which could not reasonably
21 have been offered to the President, and the court determines
22 that such evidence is material, the court shall order the evi-
23 dence to be presented to the President. The President shall
24 promptly receive the same, and such other evidence as he
25 deems necessary or proper, and thereupon he shall certify

1 and file with the court a transcript thereof, and any modi-
2 fication made in the regulation or order as a result thereof,
3 except that on request by the President, any such additional
4 evidence may be presented directly to the court.

5 (b) No such regulation or order shall be set aside, in
6 whole or in part, unless the complainant establishes to the
7 satisfaction of the court that the regulation or order is not
8 in accordance with law, or is arbitrary or capricious. The
9 effectiveness of a judgment of the court setting aside in whole
10 or in part any such regulation or order shall be postponed
11 until the expiration of thirty days from the entry thereof,
12 except that if a petition for a writ of certiorari is filed with
13 the Supreme Court under subsection (d) within such thirty
14 days, the effectiveness of such judgment shall be postponed
15 until an order of the Supreme Court denying such petition
16 becomes final, or until other final disposition of the case by
17 the Supreme Court.

18 (c) There is hereby created a court of the United States
19 to be known as the Emergency Court of Appeals, which shall
20 consist of three or more judges to be designated by the Chief
21 Justice of the United States from judges of United States
22 district courts and courts of appeals. The Chief Justice of
23 the United States shall designate one of such judges as chief
24 judge of the Emergency Court of Appeals, and may, from
25 time to time, designate additional judges for such court and

1 revoke previous designations. The chief judge may, from
2 time to time, divide the court into divisions of three or more
3 members, and any such division may render judgment as the
4 judgment of the court. The court shall have the powers
5 of a district court with respect to the jurisdiction conferred
6 on it by this Act, except that it shall exercise its powers and
7 prescribe rules governing its procedure in such manner as
8 to expedite the determination of cases of which it has jurisdic-
9 tion under this Act. The court shall have a seal, hold ses-
10 sions at such places as it may specify, and appoint a clerk
11 and such other employees as it deems necessary or proper.

12 (d) Within thirty days after entry of a judgment, inter-
13 locutory or final, by the Emergency Court of Appeals, in-
14 cluding a judgment under section 205 (c) (2), a petition
15 for a writ of certiorari may be filed in the Supreme Court
16 of the United States, and thereupon the judgment shall be
17 subject to review by the Supreme Court in the same manner
18 as a judgment of a circuit court of appeals as provided in
19 section 240 of the Judicial Code, as amended (U. S. C.,
20 1934 edition, title 28, sec. 347). The Supreme Court shall
21 expedite the disposition of all causes filed therein pursuant
22 to this subsection. The Emergency Court of Appeals, and
23 the Supreme Court upon review of judgments of the Emer-
24 gency Court of Appeals, shall have exclusive jurisdiction to
25 determine the validity of any ceiling regulation or order, and

1 of the provisions of this Act authorizing such regulation or
2 order. Except as provided in this section, no court, Federal,
3 State, or Territorial, shall have power to consider such
4 validity, or to stay, restrain, enjoin, or set aside, in whole or
5 in part, any such provision of this Act, or any provision of
6 any such regulation or order.

7 ENFORCEMENT

8 SEC. 205. (a) Whenever in the judgment of the President
9 any person has engaged or is about to engage in any acts
10 or practices which constitute or will constitute a violation
11 of this Act, or of any regulation, order, or requirement there-
12 under, he may make application to the appropriate court for
13 an order enjoining such acts or practices, or for an order
14 enforcing compliance with this Act or such regulation, order,
15 or requirement, and upon a proper showing a permanent or
16 temporary injunction, restraining order, or other order shall
17 be granted without bond.

18 (b) If any person selling a commodity violates a regu-
19 lation or order prescribing a ceiling or ceilings, the person
20 who is the buyer of the commodity may either bring suit
21 to rescind the sale, or bring an action for \$50 or treble the
22 amount by which the consideration exceeded the applicable
23 ceiling, whichever is the greater, plus reasonable attorneys'
24 fees and costs as determined by the court. No person who
25 in good faith brings suit or action under this subsection within

1 six months after delivery is completed shall be subject to
2 punishment, with respect to the transaction constituting the
3 basis of such suit or action, and no person who buys a com-
4 modity for use or consumption other than in the course of
5 trade or business shall be subject to punishment, for con-
6 spiracy to violate, or for aiding and abetting a violation of,
7 any provision of this Act or any regulation or order there-
8 under. If the buyer fails to bring such suit or action in good
9 faith within six months after delivery is completed, the Presi-
10 dent may, within the succeeding six months, bring such ac-
11 tion under this subsection on behalf of the United States.
12 Institution of such action by the President within such suc-
13 ceeding six months, or institution by the buyer of a suit or
14 action in good faith, shall bar subsequent institution of any
15 suit or action with respect to the same transaction. Any
16 suit or action under this subsection may be brought in any
17 court of competent jurisdiction, and shall be instituted within
18 one year after delivery is completed. For the purposes of
19 this subsection and subsection (c) the payment or receipt of
20 rent shall be deemed the buying or selling of a commodity
21 as the case may be.

22 (c) (1) Whenever in the judgment of the President
23 such action is necessary or proper in order to carry out
24 the provisions and purposes of this Act, he may by regula-
25 tion or order issue or require a license as a condition of

1 engaging in any transaction with respect to which a regula-
2 tion or order may be issued under this Act. No such
3 license shall contain any provision which could not be
4 prescribed by regulation, order, or requirement under this
5 Act: *Provided*, That no such license may be required as a
6 condition of selling or distributing newspapers, periodicals,
7 books, or other printed or written material.

8 (2) Whenever in the judgment of the President a
9 person has violated any of the provisions of a license issued
10 under this subsection a warning notice shall be sent by regis-
11 tered mail to such person. If the President finds, after
12 opportunity for hearing upon at least ten days' notice, that
13 a warning notice has been sent and that a violation of any
14 of the provisions of a license has occurred subsequent to
15 the receipt of such warning notice, he may by order suspend
16 or revoke such person's license. Such suspension or revoca-
17 tion shall not confer any immunity from the other provisions
18 of this section. Within thirty days after issuance of such
19 order of suspension or revocation the licensee may file a
20 petition to review such action in the Emergency Court.
21 Thereupon the President shall certify and file with such
22 court a transcript of the record upon which the order com-
23 plained of was entered. Upon the filing of such transcript
24 the court shall have exclusive jurisdiction to affirm or set
25 aside, in whole or in part, the suspension or revocation of

1 the license, or to remand the proceeding: *Provided*, That
2 the President may modify or rescind the requirement of
3 the license or the suspension or revocation at any time not-
4 withstanding the pendency of the petition to review. The
5 court may, upon good cause shown, stay the effectiveness
6 of the suspension or revocation. The revocation or suspen-
7 sion shall be affirmed if the finding of violation after receipt
8 of warning notice is supported by substantial evidence in
9 the record.

10 (d) Any person who willfully violates any provision of
11 this Act or any regulation, order, or requirement there-
12 under, and any person who willfully falsifies in any mate-
13 rial respect a document or report required to be kept or filed
14 thereunder, shall, upon conviction thereof, be fined not more
15 than \$5,000, or imprisoned for not more than one year, or
16 both. Whenever the President has reason to believe that
17 any person is liable to punishment under this subsection,
18 he may certify the facts to the Attorney General, who may,
19 in his discretion, cause appropriate proceedings to be brought.

20 (e) The district courts shall have jurisdiction of viola-
21 tions of this Act and of regulations, orders, or requirements
22 thereunder, and concurrently with State and Territorial
23 courts, of all civil proceedings to enforce any liability or duty
24 created by, or to enjoin any violation of, this Act or any
25 regulation, order, or requirement thereunder. Such civil

1 proceedings and any criminal proceedings may be brought
2 in any district in which any act or transaction constituting
3 the violation occurred. Any such civil proceedings may also
4 be brought in the district in which the defendant resides or
5 transacts business, and process in such cases may be served
6 in any district wherein the defendant resides or transacts
7 business or wherever the defendant may be found. No costs
8 shall be assessed against the United States Government in
9 any proceeding under this Act.

10 (f) No person shall be held liable for damages or penal-
11 ties in any Federal, State, or territorial court, on any grounds
12 for or in respect of anything done or omitted to be done in
13 good faith pursuant to any provision of this Act or any
14 regulation, order, or requirement thereunder, notwith-
15 standing that subsequently such provision, regulation, order,
16 or requirement may be modified, rescinded, or determined to
17 be invalid. The President may intervene in any suit or
18 action wherein a party relies for ground of relief or defense
19 upon this Act or any regulation, order, or requirement
20 thereunder.

21 TITLE III—MISCELLANEOUS

22 QUARTERLY REPORT

23 SEC. 301. The President from time to time, but not less
24 frequently than once every ninety days, shall transmit to the
25 Congress a report of operations under this Act. If the

1 Senate or the House of Representatives is not in session, such
2 reports shall be transmitted to the Secretary of the Senate, or
3 the Clerk of the House of Representatives, as the case
4 may be.

5 DEFINITIONS

6 SEC. 302. As used in this Act—

7 (a) The term “sale” includes sales, dispositions, ex-
8 changes, leases, and other transfers, and contracts and offers
9 to do any of the foregoing. The terms “sell,” “selling,”
10 “seller,” “buy,” and “buyer,” shall be construed accordingly.

11 (b) The term “price” means the consideration
12 demanded or received in connection with the sale of a
13 commodity.

14 (c) The term “commodity”, in addition to commodi-
15 ties, articles, products, and materials, includes services ren-
16 dered in connection with the processing, distribution, storage,
17 installation, repair, or negotiation of purchases or sales, or
18 a commodity, or in connection with the operation of any
19 service establishment: *Provided*, That nothing in this Act
20 shall be construed to authorize the regulation of (1) com-
21 pensation paid by an employer to any of his employees,
22 or (2) rates charged by any common carrier or other public
23 utility.

24 (d) The term “defense-rental area” means any area
25 designated by the President as an area where defense activi-

1 ties have resulted or threaten to result in a shortage of rental
2 housing accommodations.

3 (e) The term "defense-area housing accommodations"
4 means housing accommodations within any defense-rental
5 area which are designated by the President, and (1) which
6 were, subsequent to August 31, 1940, rented or offered for
7 rent at a rate of \$15 per room per month, or less, and which
8 at the time of such designation are being rented or offered
9 for rent at a rate of 10 per centum or more, in excess thereof;
10 or (2) which are comparable in rental value to any accom-
11 modations referred to in clause (1).

12 (f) The term "person" includes an individual, corpora-
13 tion, partnership, association, or any other organized group
14 of persons, or legal successor or representative of the fore-
15 going, and includes the United States or any agency thereof,
16 or any other government, or any of its political subdivisions,
17 or any agency of any of the foregoing: *Provided*, That no
18 punishment by fine or imprisonment provided by this Act
19 shall apply to the United States, or to any such government,
20 political subdivision, or agency.

21 (g) The term "ceiling", as applied to prices of com-
22 modities means the maximum consideration which may be
23 demanded or received for such commodities, and as applied
24 to rents, means the maximum consideration which may be
25 demanded or received for the use of defense-area housing

1 accommodations. Ceilings may be formulated in terms of
2 prices, rents, margins, commissions, fees, or other charges, or
3 allowances.

4 (h) The term "documents" includes records, books, ac-
5 counts, correspondence, memoranda, and other documents,
6 and drafts and copies of any of the foregoing.

7 (i) The term "district court" means any district court
8 of the United States, and the United States Court for any
9 Territory.

10 SEPARABILITY

11 SEC. 303. If any provision of this Act or the applica-
12 tion of such provision to any person or circumstances shall
13 be held invalid, the validity of the remainder of the Act
14 and the applicability of such provision to other persons or
15 circumstances shall not be affected thereby.

16 SHORT TITLE

17 SEC. 304. This Act may be cited as the "Emergency
18 Price Control Act of 1941".



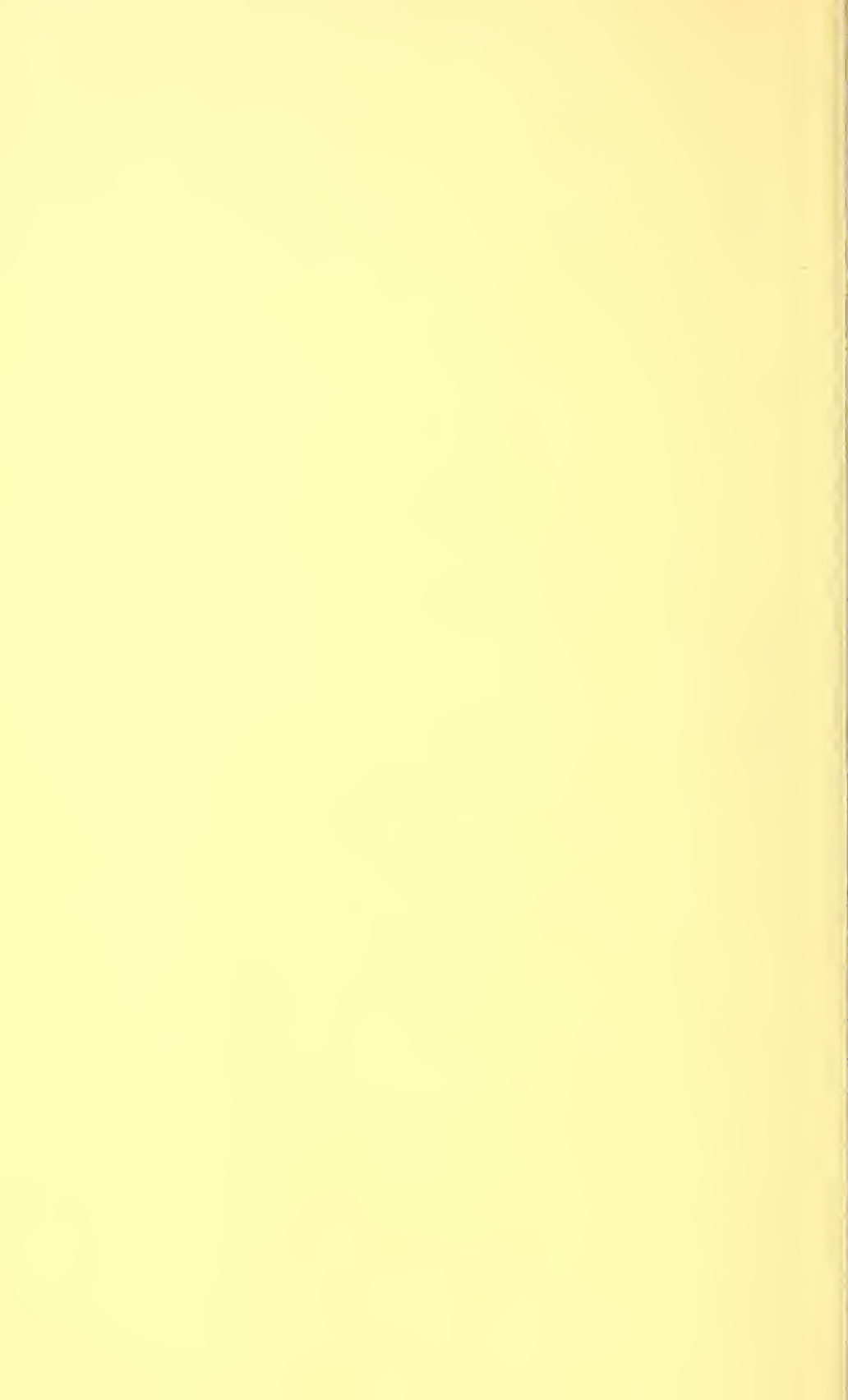
A BILL

To further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

By Mr. STEVENS

AUGUST 1, 1941

Referred to the Committee on Banking and Currency



EMERGENCY PRICE CONTROL ACT OF 1941

NOVEMBER 7, 1941.—Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

Mr. STEAGALL, from the Committee on Banking and Currency, submitted the following

REPORT

[To accompany H. R. 5990]

The Committee on Banking and Currency, to whom was referred the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

On July 30, 1941, the President transmitted to Congress a message setting forth the necessity for, and requesting the enactment by Congress of, legislation providing for the control of prices. That message is as follows:

To the Congress of the United States:

Inflationary price rises and increases in the cost of living are today threatening to undermine our defense effort. I am, therefore, recommending to the Congress the adoption of measures to deal with this threat.

We are now spending more than \$30,000,000 a day on defense. This rate must and will increase. In June of this year we spent about \$808,000,000—more than five times the \$153,000,000 we spent in June 1940. Every dollar spent for defense presses against an already limited supply of materials.

This pressure is sharply accentuated by an ever-increasing civilian demand. For the first time in years many of our workers are in the market for the goods they have always wanted. This means more buyers for more products which contain steel and aluminum and other materials needed for defense. Thus a rapidly expanding civilian demand has been added to a vast and insistent demand by the Government.

Those who have money to spend are willing to bid for the goods. The Government must and will satisfy its defense needs. In such a situation, price advances merely determine who gets the scarce materials, without increasing the available supply. We face inflation, unless we act decisively and without delay.

The consequences of inflation are well known. We have seen them before.

Producers, unable to determine what their costs will be, hesitate to enter into defense contracts or otherwise to commit themselves to ventures whose outcome they cannot foresee. The whole production machinery falters.

Speculators anticipating successive price advances, withhold commodities from essential military production.

Costs to the Government increase, and with it the public debt.

Increases in the workers' cost of living, on the one hand, and excessive profits for the manufacturer, on the other, lead to spiraling demands for higher wages. This means friction between employer and employed.

Great profits are reaped by some, while others, with fixed and low incomes, find their living standards drastically reduced and their life-long savings shrunken. The unskilled worker, the white-collar worker, the farmer, the small businessman, and the small investor all find that their dollar buys ever less and less.

The burden of defense is thrown haphazardly and inequitably on those with fixed income of whose bargaining power is too weak to secure increases in income commensurate with the rise in the cost of living.

And over all hovers the specter of future deflation and depression, to confuse and retard the defense effort and inevitably to aggravate the dangers and difficulties of a return to a normal peacetime basis.

Economic sacrifices there will be and we shall bear them cheerfully. But we are determined that the sacrifice of one shall not be the profit of another. Nothing will sap the morale of this Nation more quickly or ruinously than penalizing its sweat and skill and thrift by the individually undeserved and uncontrollable poverty of inflation.

Our objective, therefore, must be to see that inflation, arising from the abuse of power to increase prices because the supply is limited and the demand inflexible, does not occur during the present emergency.

Today we stand, as we did in the closing months of 1915, at the beginning of an upward sweep of the whole price structure. Then, too, we enjoyed relative stability in prices for almost a year and a half after the outbreak of war abroad. In October 1915, however, prices turned sharply upward. By April 1917 the wholesale price index had jumped 63 percent; by June 1917, 74 percent; and by June 1920 it was nearly 140 percent over the October 1915 mark.

The facts today are frighteningly similar.

The Bureau of Labor Statistics Index of 28 basic commodities, by the end of June, had advanced 50 percent beyond its August 1939 level. It has increased 24 percent since January of this year.

Since August 1939 the Bureau of Labor Statistics Index of 900 wholesale prices has advanced 17½ percent. It has increased 10 percent since January of this year. In the past 60 days wholesale prices have risen more than five times as fast as during the preceding period since the outbreak of the war abroad.

Since August 1939 the Bureau of Labor Statistics Index of the cost of living has advanced 5½ percent. It has increased 3½ percent since the beginning of this year, and the upward pressure is now intense. In a single month, from the middle of May to the middle of June, the cost of living jumped 2 percent. During the last quarter the increase in the cost of living was greater than during any similar period since the World War. But even yet the index does not fully reflect past increases and only in a few months will it respond to current increases.

In 1915 the upward price movement proceeded unchecked so that when regulation was finally begun it was already too late. Now we have an opportunity to act before disastrous inflation is upon us. The choice is ours to make; but we must act speedily.

For 12 months we have tried to maintain a stable level of prices by enlisting the voluntary cooperation of business and through informal persuasive control. The effort has been widely supported because far-sighted business leaders realize that their own true interests would be jeopardized by runaway inflation. But the existing authority over prices is indirect and circumscribed and operates through measures which are not appropriate or applicable in all circumstances. It has further been weakened by those who purport to recognize need for price stabilization yet challenge the existence of any effective power. In some cases, moreover, there has been evasion and bootlegging; in other cases the Office of Price Administration and Civilian Supply has been openly defied.

Faced now with the prospect of inflationary price advances, legislative action can no longer prudently be postponed. Our national safety demands that we take steps at once to extend, clarify, and strengthen the authority of the Government to act in the interest of the general welfare.

Legislation should include authority to establish ceilings for prices and rents, to purchase materials and commodities when necessary, to assure price stability, and to deal more extensively with excesses in the field of installment credit. To be effective, such authority must be flexible and subject to exercise through

license or regulations under expeditious and workable administrative procedures. Like other defense legislation, it should expire with the passing of the need, within a limited time after the end of the emergency.

The concept of a price ceiling is already familiar to us as a result of our own World War experience. Prices are not fixed or frozen; an upper limit alone is set. Prices may fluctuate below this limit, but they cannot go above it.

To make ceiling prices effective it will often be necessary, among other things, for the Government to increase the available supply of a commodity by purchases in this country or abroad. In other cases it will be essential to stabilize the market by buying and selling as the exigencies of price may require.

Housing is a commodity of universal use, the supply of which cannot speedily be increased. Despite the steps taken to assure adequate housing for defense, we are already confronted with rent increases ominously reminiscent of those which prevailed during the World War. This is a development that must be arrested before rent profiteering can develop to increase the cost of living and to damage the civilian morale.

Of course, there cannot be price stability if labor costs rise abnormally. Labor has far more to gain from price stability than from abnormal wage increases. For these are likely to be illusory, and quickly overtaken by sharp rises in living costs which fall with particular hardship on the least fortunate of our workers and our old people.

There will always be need for wage adjustments from time to time to rectify inequitable situations. But labor as a whole will fare best from a labor policy which recognizes that wages in the defense industries should not substantially exceed the prevailing wage rates in comparable nondefense industries where fair labor policies have been maintained. Already through the efforts of the National Defense Mediation Board and wage stabilization committees, wage standards are being established and a measure of wage stability is being brought to particular industries. It is expected that such activities will be continued, extended, and made increasingly effective.

I recognize that the obligation not to seek an excessive profit from the defense emergency rests with equal force on labor and on industry, and that both must assume their responsibilities if we are to avoid inflation.

I also recognize that we may expect the wholehearted and voluntary cooperation of labor only when it has been assured a reasonable and stable income in terms of the things money will buy and equal restraint or sacrifice on the part of all others who participate in the defense program. This means not only a reasonable stabilization of prices and the cost of living but the effective taxation of excess profits and purchasing power. In this way alone can the Nation be protected from the evil consequences of a chaotic struggle for gains which must prove either illusory or unjust, and which must lead to the disaster of unchecked inflation.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *July 30, 1941.*

On August 1, 1941, a bill (H. R. 5479) embodying legislation of the character recommended in the above message was introduced and referred to the Committee on Banking and Currency. Extensive and exhaustive hearings were held on this bill. At the conclusion of the hearings the committee, in executive session, considered the bill, adopted certain amendments thereto, and directed the chairman of the committee to introduce in the House a new bill representing the bill (H. R. 5479) as so amended. It is the new bill (H. R. 5990) introduced pursuant to such direction that is herewith reported.

In view of the sharp increase in purchasing power resulting from defense expenditures, combined with increasing acute shortages of certain essential materials, legislation to deal with the inflationary tendencies caused by this condition is essential for the protection of the national defense and security. Unless such legislation is enacted inflationary increases in prices are inevitable, and if not prevented will lead to future deflation and depression with all the human misery and economic chaos resulting therefrom, will retard the defense program, and will aggravate the dangers and difficulties of a return to a normal peacetime basis.

The bill seeks to deal with these inflationary tendencies from the standpoint of prices. It does not of itself fix any prices, but gives to a Price Administrator, who is to be appointed by the President with the advice and consent of the Senate, power to establish ceilings on prices, and, in defense areas, on rents for housing accommodations. It is the opinion of the committee that it will in large measure guard against existing inflationary tendencies from the standpoint of prices and that it embodies all provisions which in this connection are necessary at this time. It does not deal with inflationary tendencies from the standpoint of profits and taxation, since these matters are within the jurisdiction of another committee. It does not give to the Administrator power to establish ceilings on wages or salaries or on the rates charged by any common carrier or other public utility. The powers which the bill does grant to the Administrator are limited in two respects. In the case of agricultural commodities, the Administrator is given no power to establish ceilings below certain minimum ceilings described below under the heading "Agricultural Commodities." Similarly the powers of the Administrator are limited in the case of newspaper and other advertising. Newspapers and advertising agencies expressed fears to the committee that the powers in the bill on which the committee held hearings might be susceptible of use, or might operate, to curtail the advertising services rendered by newspapers, and thus interfere with accepted policy in relation to the press. Since newspapers are dependent on advertising, the committee deemed it wise also to limit the powers of the Administrator with respect to normal business practices of newspapers and others.

TITLE I

GENERAL PROVISIONS AND AUTHORITY

PURPOSE—TIME LIMIT—APPLICATION

Section 1 (a) of title I states the purposes of the bill. This statement of purposes is referred to throughout the bill and provides a guide for administrative and judicial interpretation of the statute, provides standards for the exercise of the powers delegated by the bill, and indicates the constitutional grants of power upon which the bill is based.

Section 1 (b) provides that the powers conferred under the bill shall terminate on June 30, 1943, unless sooner terminated by act of Congress or by a declaration of the President that such powers are no longer necessary in the interest of the national defense and security.

Section 1 (c) makes the provisions of the bill applicable to the United States, its Territories and possessions, the District of Columbia, and the Philippine Islands.

COMMODITY PRICES

Section 2 of the bill contains the basic grants of authority to control prices, rents, and related practices.

Section 2 (a) authorizes the Price Administrator (provided for in sec. 201 of the bill), whenever in his judgment the prices of one or

more commodities have risen or threaten to rise to an extent inconsistent with the purposes of the bill, to establish maximum prices, referred to in the bill as ceilings, which in his judgment will be generally fair and equitable and will effectuate the purposes of the bill. In addition, the Administrator, in establishing a ceiling or ceilings for commodities, is directed, so far as is practicable, to ascertain and give due consideration to the prices prevailing for such commodities on or about October 1, 1940, and to make adjustments in such prices for such relevant factors as he determines to be of general applicability to such commodities. Among the factors to be so considered, the bill specifies speculative fluctuations, general increases or decreases in costs of production and transportation, and general increases or decreases in profits earned by sellers of the commodities during and subsequent to the year ended October 1, 1940.

All ceilings are to be established by regulation or order of the Administrator and each ceiling under this subsection is to be accompanied by a statement of the considerations involved in its establishment. This statement will afford those subject to a price ceiling an adequate opportunity to know the basis for its adoption and to formulate, in the form of protests, as provided in section 203 (b) of the bill, any objections which they may have to the price ceiling.

A definition of the term "commodity" for the purposes of this section is found in section 302 (c) of the bill. Such term is defined to include, in addition to commodities, articles, products, and materials, services rendered otherwise than as an employee in connection with the processing, distribution, storage, installation, repair, or negotiation of purchases or sales, of a commodity or in connection with the operation of any service establishment. It is provided that nothing in the act is to be construed to authorize the regulation of compensation paid by an employer to any of his employees or the regulation of rates charged by any common carrier or other public utility.

RENTS

Section 2 (b) of the bill contains the grant of authority to control rents for housing accommodations in defense rental areas. Stabilization of rents in such areas is to be accomplished first through the medium of recommendations to the local housing or rental authorities, and if this is not effective, through the issuance of regulations establishing a ceiling or ceilings. In establishing and in selecting persons to administer ceilings with respect to defense-area housing accommodations, the Administrator is directed to consider, so far as is practicable, recommendations of local officials concerned with housing or rental conditions. Similar standards to those provided for the establishment of ceilings for commodities are provided for the establishment of ceilings for rents. The base date to be considered in the establishment of rent ceilings is set at April 1, 1940, and it is provided that adjustments shall be made, so far as is practicable, for relevant factors of general application, including increases or decreases in property taxes and other costs during and subsequent to the year ending April 1, 1940.

"Defense rental area," "defense-area housing accommodations," and "housing accommodations" are defined in section 302. A defense

rental area includes the District of Columbia, specifically, and any other area designated by the Administrator as an area where defense activities have resulted or threaten to result in an increase in rents for housing accommodations inconsistent with the purposes of the bill. "Housing accommodations" is defined to include substantially all accommodations used for dwelling purposes in any defense rental area.

CEILING TERMS AND CONDITIONS

Section 2 (c) of the bill provides for flexibility in the establishment of ceilings and authorizes classifications, differentiations, and adjustments which in the judgment of the Administrator are necessary or proper to effectuate the purposes of the bill.

It is impossible to specify all the different methods which may have to be employed in establishing price ceilings for particular commodities. Under the definition of "ceiling" in section 302 (g), ceilings may be formulated in terms of prices, rents, margins, commissions, fees, or other charges or allowances, or any combination thereof. Classifications and differentiations may be in terms of quantity, quality, or character of the use contemplated by the purchaser, or in terms of delivered prices on the one hand and f. o. b. prices on the other. Differentiations of this character, and many more that could be mentioned are essential in formulating workable price schedules. In proper cases, differentiation is also contemplated between high-cost producers on the one hand and other producers on the other hand.

MARKET AND RENTING PRACTICES

In order to achieve effective price control it may often be necessary to regulate or prohibit practices which are equivalent to concealed price increases or which are likely to result in price increases. Therefore, section 2 (d) confers authority to regulate or prohibit speculative or manipulative practices (including practices relating to changes of form and quality), or hoarding, in connection with any commodity, and speculative or manipulative practices or renting or leasing practices, in connection with defense-area housing accommodations, which, in the judgment of the Administrator, are equivalent to or are likely to result in price or rent increases inconsistent with the purposes of the bill.

OBTAINING MARGINAL PRODUCTION

Section 2 (e) of the bill authorizes the Administrator to buy, store, use, or sell, without competitive bidding, at public or private sale, any commodity produced in the United States by marginal or high-cost producers whenever he deems it necessary to obtain the production of such producers in order to effectuate the purposes of the bill. This authority is necessary in order to assure to the defense program the benefit of high-cost production without requiring the Administrator to establish a price ceiling for an entire industry which is entirely unjustified by the average costs of the industry. It is contemplated that the sale of these commodities by the Administrator will in many instances be at a price lower than the purchase price, if this subsection is to operate effectively.

GENERAL POWERS AND LIMITATIONS

Section 2 (f) of the bill limits the authority of the Administrator to exercise the powers conferred by section 2 in any manner inconsistent with the agricultural provisions of the bill in section 3.

Section 2 (g) limits the authority of the Administrator to compel changes in established business practices or cost practices, means or aids to distribution (such as advertising), in any industry, except to the extent that such action is necessary to prevent evasion or circumvention of any ceiling under the bill.

Section 2 (h) gives authority to the Administrator to include in regulations or orders issued under section 2, such provisions as he deems necessary to prevent circumvention or evasion of such regulations or orders.

AGRICULTURAL COMMODITIES

Section 3 of the bill limits the powers of the Administrator with respect to agricultural commodities. It is provided that no ceiling may be established for any agricultural commodity below (1) the market price equivalent to 110 percent of the parity price or comparable price for the commodity as determined and published by the Secretary of Agriculture, or (2) the market price prevailing for such commodity on October 1, 1941, or (3) the average price for such commodity during the period from July 1, 1919, to June 30, 1929. In addition to the parity prices which the Secretary of Agriculture determines under existing law, the Secretary is directed to determine and publish "comparable prices" for those commodities (other than the specified basic commodities) the price for which is, because of changes in the production and consumption of such commodity since the base period, out of line with parity prices for the basic commodities. Subsections (c) and (d) insure that the powers granted to the Administrator by the bill, or other powers granted under existing law, will not be so exercised as to vitiate the policy expressed in this section. The minimum ceilings provided for in this section are based on the following considerations: (1) Under the policy of existing law parity price is the minimum price which farmers should receive for their commodities; (2) the base date used for the fixing of ceilings on other commodities, namely October 1, 1941, is particularly applicable to agricultural commodities because virtually all agricultural commodities were being marketed on that date; (3) the use of the average price during the period July 1, 1919, to June 30, 1929, is necessary to bring about an equitable relationship between the prices of agricultural commodities as a whole.

PROHIBITIONS

Section 4 (a) of the bill makes unlawful violations of, or attempts, solicitations, or agreements to violate, any regulations or orders of the Administrator, issued under the provisions of section 2, prescribing ceilings or regulating speculative or manipulative practices, hoarding, or renting or leasing practices, and violations of, or attempts, solicitations, or agreements to violate, any regulations, orders, or requirements of the Administrator issued under the provisions of section

202 (a) in connection with the obtaining of information necessary in the performance of his duties under the bill.

Section 4 (b) protects tenants in the assertion of the rights conferred upon them by the bill by making it unlawful for any person to remove from any defense-area housing accommodations the tenant or occupant or to refuse to renew the lease or rental agreement because of action taken by the tenant in asserting such rights.

Protection is also afforded by section 4 (c) to those persons required to disclose information to the Administrator by making it unlawful for any officer or employee of the Government, or any adviser or consultant to the Administrator in his official capacity, to disclose or to use for his personal benefit, any information obtained under the bill. Further provision for confidential treatment of such information is found in section 202 (b).

Section 4 (d) specifically preserves the right of persons to refuse to sell any commodity or to offer any accommodations for rent.

The penalty for violation of any of the provisions of this section or for making any false statement in any document required to be kept or filed under the provisions of any regulation, order, or requirement issued under the provisions of the bill, is prescribed in section 205 (b).

TITLE II

ADMINISTRATION AND ENFORCEMENT

OFFICE OF PRICE CONTROL

Section 201 (a) of the bill creates and vests the administration of the bill in an Office of Price Control headed by an Administrator who is to be appointed by the President and confirmed by the Senate. The Administrator is to receive a salary of \$10,000 per annum.

Section 201 (b) authorizes the Administrator to hire such employees, establish and utilize regional, local, or other agencies, and to accept such voluntary and uncompensated services as he deems necessary. All employees are to be employed pursuant to the civil-service laws and compensated in accordance with the Classification Act of 1923, as amended, and no political test or qualification is to be permitted or given consideration. Express authority is granted for attorneys employed by the Administrator to represent the Administrator in court.

Section 201 (c) provides that the principal office of the Administrator shall be in the District of Columbia but the powers of the Administrator may be exercised in any place.

The authority of the Administrator to make necessary expenditures is conferred by section 201 (d).

Section 201 (e) gives to the Administrator the authority to prescribe such regulations as he deems necessary or proper to carry out the purposes and provisions of the bill. Any regulation or order issued under the bill is to be issued after such inquiry as the Administrator deems proper.

INDUSTRY ADVISORY COMMITTEES

Section 201 (f) provides for the establishment of industry advisory committees to advise and consult with, and make recommendations

to, the Administrator. Such committees are to be appointed by the Administrator after the establishment of a ceiling for a particular commodity and upon the request of a substantial portion of the industry subject to the ceiling. An industry advisory committee may be national or regional, or both, but is to be truly representative of the industry, or of the industry in a particular region, as the case may be. The committee is to select a chairman from among its members and will meet at the call of the chairman. The Administrator is required, upon request, to advise and consult with the industry advisory committee representing an industry subject to a ceiling with respect to such ceiling, and with respect to the form thereof, and classifications, differentiations, and adjustments therein. Prior to the establishment of a ceiling for any commodity, the Administrator is directed to advise and consult with representative members of the industry concerned, so far as is practicable.

OBTAINING INFORMATION

Section 202 (a) gives the President the power to make studies and investigations and to obtain the economic data necessary or proper in prescribing ceiling and other regulations and orders, and in the administration and enforcement of such regulations and orders and the provisions of the bill. This authority may be enforced through the usual forms of compulsory process and the power to inspect documents and inventories. The power to require by regulation or order the keeping of records and the making of reports is also granted by this subsection. Although no person is excused from complying with any requirement of this subsection because of his privilege against self-incrimination, the immunity provisions of the Compulsory Testimony Act of February 11, 1893, are made applicable with respect to any individual who specifically claims such privilege.

Violations of regulations, orders, or requirements of the Administrator under this subsection are made unlawful under the provisions of section 4 (a) and, in addition, such regulations, orders, and requirements may be enforced through application to the court for compulsory process under the provisions of section 205 (a).

Section 202 (b) gives further protection to persons furnishing information to the Administrator under the bill by directing the Administrator, upon the request of the party furnishing such information, or if he deems such information confidential, not to disclose such information unless a paramount public interest requires such disclosure.

PROCEDURE

IN GENERAL

The procedure governing the preparation and issuance of substantive regulations and orders prescribing ceilings or regulating practices has necessarily been adapted to the nature of the powers granted, which involves a broad delegation of legislative power, to the fact that such regulations will apply to large numbers of persons, and to practical considerations, such as the necessity for immediate action to check rapidly rising prices and the importance of avoiding speculative disturbances of the market pending the

determination of a price ceiling. These considerations may frequently render the holding of formal hearings inadvisable.

An opportunity for interested parties to participate in the formulation of regulations and orders and to voice any objections thereto is afforded, however, through the medium of the Industry Advisory Committees provided in section 201 of the bill, and in such other manner as the Administrator may deem feasible.

PROTEST

Section 203 (a) provides that any person subject to any of the provisions of any regulation or order issued under section 2 of the bill may, in accordance with regulations prescribed by the Administrator, at any time within 60 days after the issuance of such regulation or order, file a protest setting forth objections to any such provision. The protest may be accompanied by affidavits or other written evidence in support of such objections. If grounds for protest arise subsequent to such 60-day period a protest based on such grounds may be filed after such period. Other interested parties may at any time submit statements in support of any such provision which may be received by the Administrator and incorporated in the transcript of the proceedings.

Within a reasonable time, in any event not more than 30 days after filing the protest or 90 days after the issuance of the regulation or order, whichever is later, the Administrator must either grant the protest in whole or in part, by withdrawing or modifying the disputed regulation or order, or else deny the protest, notice it for hearing, or provide an opportunity to present further evidence in support of it.

In the administration of the provisions of the bill and in making any decision on any protest, the Administrator is authorized under section 203 (b) to take official notice of economic and other facts, including facts found by him as a result of action taken under section 202. Hearings on any protest may be held if the Administrator so directs, but under this subsection any proceedings under the act may be limited to the filing of affidavits, or other written evidence, and the filing of briefs.

REVIEW

EMERGENCY COURT OF APPEALS

In keeping with the emergency character of the regulations and orders of the Administrator issued under section 2 of the bill, and to expedite action affecting the validity of such regulations or orders without overburdening the regular courts and judges, exclusive jurisdiction to determine the validity of any such regulation or order, and the validity of any provisions of the bill authorizing any such regulation or order is vested in an Emergency Court of Appeals, created under section 204 (c) of the bill, and upon review of judgments or orders of such Emergency Court, in the Supreme Court of the United States. Under section 204 (c) the Emergency Court of Appeals is to be composed of three or more judges to be designated by the Chief Justice of the United States from judges of the United States district courts and circuit courts of appeals, one of whom he is to designate as chief judge of the Emergency Court of Appeals. Additional judges may be

designated from time to time by the Chief Justice. The chief judge of the Emergency Court may, from time to time, divide the court into divisions of three or more members and any such division may render judgment as the judgment of the court. By authorizing the Emergency Court to sit in divisions, it is contemplated that protestants will be able to secure a hearing before the court at or near their residence or place of business.

The Emergency Court of Appeals is given exclusive jurisdiction to affirm or set aside, in whole or in part, any regulation or order under section 2, or to remand the proceedings, and all the powers of a district court are conferred upon it with respect to this jurisdiction, except the power to stay the effectiveness of any regulation or order establishing a ceiling.

In order to expedite the determination of cases by the Emergency Court of Appeals, the court is given power to adopt special rules of procedure in matters coming before it. The court is to have a seal, hold sessions at such places as it may specify, and appoint a clerk and such other employees as it deems necessary.

REVIEW PROCEDURE

Any protestant aggrieved by a denial or partial denial of a protest under section 203, may, within 30 days after such denial, file a complaint with the Emergency Court of Appeals specifying his objections and praying that the regulation or order protested be set aside in whole or in part. A copy of such complaint is to be served on the Administrator, who is to certify and file with the court a transcript of the proceedings (including the hearings, if any, affidavits, statements, briefs, and other evidence) in connection with the protest. The transcript will also contain a statement of the economic and other facts of which the Administrator has taken official notice.

In making its decision the court may consider only objections set forth in the protest, and evidence contained in the transcript. However, upon application made to it by either party for leave to introduce additional evidence which was either offered to the Administrator and not admitted, or which could not reasonably have been offered to the Administrator, or which if offered to the Administrator and admitted, could not reasonably have been included in the transcript, the court must, if it deems such evidence relevant, order such evidence to be received by the Administrator. Thereupon the Administrator must promptly receive such additional evidence and certify and file with the court a transcript thereof and any modification made in the regulation or order as a result thereof. On the request of the Administrator, however, such additional evidence may be presented directly to the court.

The right of the Administrator to modify or rescind any regulation for any reason, notwithstanding the pendency of a complaint in the Emergency Court of Appeals, is expressly reserved in section 204 (a).

Section 204 (b) prescribes the standards to be followed by the Emergency Court of Appeals in determining the validity of regulations or orders issued under section 2. It provides that such regulations or orders may be set aside only if the complainant establishes to the satisfaction of the court that the regulation or order is not in accordance with law, or is arbitrary or capricious. These standards

are the traditional standards for the judicial review of legislation and legislative regulations.

Within 30 days after entry of a judgment or order, interlocutory or final, by the Emergency Court of Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon such judgment or order is subject to review by the Supreme Court in the same manner as a judgment of a circuit court of appeals. The effectiveness of a judgment of the Emergency Court of Appeals setting aside in whole or in part any regulation or order of the Administrator under section 2 is postponed until the expiration of the 30-day period allowed for the filing of such petition, or, if such petition is filed, until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the case by the Supreme Court. This latter provision insures that a ceiling or other regulation or order of the Administrator under section 2 will remain in effect during the period of judicial review until final decision.

In order to assure that there will be the speediest possible final determination of the validity of regulations or orders of the Administrator under section 2, section 204 (d) also provides that the Supreme Court shall expedite disposition of all cases filed under that subsection.

In connection with the exclusive jurisdiction granted to the Emergency Court of Appeals (and on review of judgments or orders of the Emergency Court of Appeals to the Supreme Court of the United States) to determine the validity of regulations and orders under section 2 and the validity of the provisions of the bill authorizing such regulations and orders, section 204 (d) expressly provides that except as provided in this section no court, Federal, State, or Territorial, is to have jurisdiction or power to consider such validity, or to stay, restrain, enjoin, or set aside, in whole or in part, any such provision, or any provision of any such regulation or order, or to restrain or enjoin the enforcement of any such provision.

ENFORCEMENT

Section 205 (a) authorizes the Administrator to enforce compliance with the provisions of section 4 of the bill by making application to the appropriate court for an order enjoining actual or threatened violations thereof. Upon a proper showing a temporary or permanent injunction, restraining order, or other order is to be granted without bond.

Section 205 (b) prescribes the criminal penalties for violations of any of the provisions of section 4 of the bill and for making statements or entries false in a material respect in a document or report required to be filed under section 2 or section 202. Under this subsection fines up to \$5,000 or sentences of imprisonment for not more than 1 year, or both, may be imposed, except that in cases of disclosure of information in violation of section 4 (c) the prison sentence may be 2 years.

Section 205 (c) confers jurisdiction of criminal proceedings for violations of section 4 of the bill upon the district courts of the United States. The district courts are also to have jurisdiction, concurrently with State and Territorial courts, of all civil proceedings under section 205 (a). The usual provisions relating to venue and service of process are also included in this subsection. Provision is also made that no costs may be assessed against the United States in any proceeding under the bill.

Section 205 (d) protects persons from suits for damages or penalties with respect to anything done or omitted to be done in good faith pursuant to any provision of the bill or any provision of any regulation, order, or requirement under the bill, or any regulation or order of the Administrator of the Office of Price Administration and Civilian Supply, notwithstanding the fact that such provision, regulation, order, or requirement may be subsequently rescinded, modified, or held invalid. The Administrator is authorized to intervene in any suit or action in which any party relies for ground of relief or defense upon the provisions of the bill, or any regulation, order, or requirement thereunder.

CONTRACT OBLIGATIONS

Section 206 makes unenforceable certain contracts and contract provisions inconsistent with, or conflicting with, or providing means of evasion of, price ceilings established under the provisions of the bill or established by the Administrator of the Office of Price Administration and Civilian Supply.

MISCELLANEOUS

QUARTERLY REPORT

Section 301 requires reports (at least quarterly) to Congress by the Administrator.

Section 302 defines the terms used throughout the bill. The provisions of these definitions have been dealt with generally in the discussion of the provisions of the bill to which they especially relate.

Section 303 is a separability clause commonly found in Federal Legislation.

Section 304 authorizes the necessary appropriations to carry out the provisions of the act.

Section 305 gives to the bill the short title of "Emergency Price Control Act of 1941."

Union Calendar No. 476

77TH CONGRESS
1ST SESSION

H. R. 5990

[Report No. 1409]

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 7, 1941

MR. STEAGALL, from the Committee on Banking and Currency, reported the following bill; which was committed to the Committee of the Whole House on the state of the Union and ordered to be printed

A BILL

To further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 TITLE I—GENERAL PROVISIONS AND

4 AUTHORITY

5 PURPOSES; TIME LIMIT

6 SECTION 1. (a) It is hereby declared that it is in the
7 interest of the national defense and security and the purposes
8 of this Act are (1) to preserve the value of the national
9 currency against the consequences of price and credit infla-
10 tion; (2) to stabilize prices and to prevent speculative. un-

1 warranted, and abnormal increases in prices and rents; (3)
2 to prevent economic disturbances, labor disputes, burdens
3 upon interstate and foreign commerce, interference with the
4 effective use of the Nation's resources for defense, and
5 impairment of national unity and morale, which would result
6 from unwarranted increases in prices, rents, and the cost of
7 living; (4) to eliminate and prevent profiteering, hoarding,
8 manipulation, speculation, and other disruptive practices
9 resulting from abnormal market conditions or scarcities caused
10 by or contributing to the national emergency; (5) to prevent
11 prospects of price rises from encouraging the accumulation
12 and withholding of materials needed for national defense, and
13 from impeding long-term commitments for production; (6)
14 to assure that defense appropriations are not dissipated by
15 excessive prices; (7) to obtain the maximum necessary pro-
16 duction without undue profits to low-cost producers; (8) to
17 protect persons with relatively fixed and limited incomes,
18 wage earners, investors, and persons dependent on life insur-
19 ance, annuities, and pensions, from undue impairment of their
20 standard of living; (9) to prevent a post-emergency collapse
21 of values; (10) to stabilize agricultural prices in the manner
22 provided in section 3; and (11) to provide procedures for
23 administration and review which will fairly protect the inter-
24 ests of those subject to this Act, without endangering the

1 dominant public interest in the accomplishment of the fore-
2 going purposes.

3 (b) The provisions of this Act, and all regulations,
4 orders, and requirements thereunder, shall terminate on June
5 30, 1943, or upon the date of a proclamation by the President
6 that the further continuance of the authority granted by this
7 Act is not necessary in the interest of the national defense
8 and security, or upon the date of enactment of an Act of
9 Congress terminating such authority, whichever date is the
10 earlier; except that as to offenses committed, or rights or
11 liabilities incurred, prior to such termination date, the provi-
12 sions of this Act and such regulations, orders, and require-
13 ments, shall be treated as still remaining in force for the
14 purpose of sustaining any proper suit, action, or prosecution
15 with respect to any such right, liability, or offense.

16 (c) The provisions of this Act shall be applicable to
17 the United States, its Territories and possessions, the District
18 of Columbia, and the Philippine Islands.

19 PRICES, RENTS, AND MARKET AND RENTING PRACTICES

20 SEC. 2. (a) Whenever in the judgment of the Price
21 Administrator (provided for in section 201) the price or
22 prices of a commodity or commodities have risen or threaten
23 to rise to an extent or in a manner inconsistent with the pur-
24 poses of this Act, he shall by regulation or order establish

1 such ceiling or ceilings as in his judgment will be generally
2 fair and equitable and will effectuate the purposes of this Act.
3 So far as practicable, in establishing any ceiling, the Admin-
4 istrator shall ascertain and give due consideration to the
5 prices prevailing for the commodity or commodities included
6 under such ceiling on or about October 1, 1941, and shall
7 make adjustments for such relevant factors as he may deter-
8 mine and deem to be of general applicability, including the
9 following: speculative fluctuations, general increases or de-
10 creases in costs of production and transportation, and general
11 increases or decreases in profits earned by sellers of the com-
12 modity or commodities, during and subsequent to the year
13 ended October 1, 1941. Every regulation or order estab-
14 lishing any ceiling under this subsection shall be accompanied
15 by a statement of the considerations involved in the issuance
16 of such regulation or order.

17 (b) Whenever in the judgment of the Administrator such
18 action is necessary or proper in order to effectuate the pur-
19 poses of this Act, he shall issue declarations setting forth the
20 necessity for, and recommendations with reference to, the
21 stabilization or reduction of rents for defense-area housing
22 accommodations within defense-rental areas. If within sixty
23 days after the issuance of any such recommendations rents for
24 any such accommodations have not in the judgment of the
25 Administrator been stabilized or reduced by State or local

1 regulation, or otherwise, in accordance with the recommenda-
2 tions, the Administrator shall by regulation or order establish
3 such ceiling or ceilings for such accommodations as in his
4 judgment will effectuate the purposes of this Act. So far as
5 practicable, in establishing any ceiling for any defense-area
6 housing accommodations, the Administrator shall ascertain
7 and give due consideration to the rents prevailing for the
8 accommodations, or comparable accommodations, on or about
9 April 1, 1940, and shall make adjustments for such relevant
10 factors as he may determine and deem to be of general applica-
11 bility in respect of the accommodations, including increases or
12 decreases in property taxes and other costs, during and sub-
13 sequent to the year ended April 1, 1940. In designating
14 defense-rental areas, in prescribing ceilings for such accom-
15 modations, and in selecting persons to administer such ceil-
16 ings, the Administrator shall, to such extent as he determines
17 to be practicable, consider any recommendations which may
18 be made by State and local officials concerned with housing
19 or rental conditions in any defense-rental area.

20 (c) Any ceiling or ceilings may be established in such
21 form and manner, may contain such classifications and dif-
22 ferentiations, and may provide for such adjustments, as in
23 the judgment of the Administrator are necessary or proper
24 in order to effectuate the purposes of this Act. The Admin-
25 istrator may establish a ceiling or ceilings below the prices

1 prevailing for the commodity or commodities, or below the
2 rent or rents, in effect at the time of the establishment of such
3 ceiling or ceilings.

4 (d) Whenever in the judgment of the Administrator
5 such action is necessary or proper in order to effectuate the
6 purposes of this Act, he may, by regulation or order, regulate
7 or prohibit speculative or manipulative practices (including
8 practices relating to changes in form or quality) or hoarding,
9 in connection with any commodity, and speculative or manip-
10 ulative practices or renting or leasing practices (including
11 practices relating to recovery of the possession), in connec-
12 tion with any defense-area housing accommodations, which
13 in his judgment are equivalent to or are likely to result in
14 price or rent increases, as the case may be, inconsistent with
15 the purposes of this Act.

16 (e) Whenever in the judgment of the Administrator it is
17 necessary, in order to effectuate the purposes of this Act, to
18 obtain the production of marginal or high-cost producers, he
19 may, on behalf of the United States, without regard to the
20 provisions of law requiring competitive bidding, buy, store,
21 or use, or sell at private or public sale, any commodity pro-
22 duced in the United States by any such producer, upon such
23 terms as he deems necessary.

24 (f) No power conferred by this section shall be con-

1 strued to authorize any action contrary to the provisions and
2 purposes of section 3.

3 (g) The powers granted in this section shall not be used
4 or made to operate to compel changes in the business prac-
5 tices or cost practices or methods, means or aids to distribu-
6 tion established in any industry, except to prevent circum-
7 vention or evasion of any ceiling established under this Act.

8 (h) Regulations and orders issued under this section may
9 contain such provisions as the Administrator deems necessary
10 to prevent the circumvention or evasion of such regulations
11 and orders.

12 AGRICULTURAL COMMODITIES

13 SEC. 3. (a) No ceiling shall be established for any agri-
14 cultural commodity below (1) the market price equivalent
15 to 110 per centum of the parity price or comparable price
16 for such commodity, adjusted for grade, location, and sea-
17 sonal differentials, as determined and published by the Secre-
18 tary of Agriculture; nor (2) the market price prevailing for
19 such commodity on October 1, 1941; nor (3) the average
20 price for such commodity during the period July 1, 1919, to
21 June 30, 1929.

22 (b) For the purposes of this Act, parity prices shall be
23 determined and published by the Secretary of Agriculture as
24 authorized by law: *Provided*, That in the case of any agri-

1 cultural commodity other than the basic crops—corn, wheat,
2 cotton, rice, and tobacco—the Secretary shall determine and
3 publish a comparable price, whenever he finds, after investi-
4 gation and public hearing, that the production and consump-
5 tion of such commodity has so changed in extent or character
6 since the base period as to result in a price out of line with
7 parity prices for basic commodities.

8 (c) Any ceiling established on any commodity processed
9 or manufactured in whole or substantial part from any agri-
10 cultural commodity shall be consistent with the purposes set
11 forth in subsection (a) herein and shall not be established
12 in any manner as to circumvent, vitiate, or prevent the
13 effectuation of such purposes.

14 (d) No provision of this Act or of any existing law
15 shall be construed to authorize any action contrary to the
16 provisions and purposes of this section.

17 PROHIBITIONS

18 SEC. 4. (a) It shall be unlawful, regardless of any
19 agreement, lease, or other obligation heretofore or hereafter
20 entered into, for any person to sell or deliver any commodity,
21 to demand or receive any rent, or otherwise to do or omit
22 to do any act, in violation of any regulation or order under
23 section 2, or any regulation, order, or requirement under sec-
24 tion 202, or to offer, solicit, attempt, or agree to do any of
25 the foregoing.

1 (b) It shall be unlawful for any person to remove or
2 attempt to remove from any defense-area housing accom-
3 modations the tenant or occupant thereof or to refuse to
4 renew the lease or agreement for the use of such accommo-
5 dations, because such tenant or occupant has taken, or pro-
6 poses to take, action authorized or required by this Act or
7 any regulation, order, or requirement thereunder.

8 (c) It shall be unlawful for any officer or employee of
9 the Government, or for any adviser or consultant to the
10 Administrator in his official capacity, to disclose, otherwise
11 than in the course of official duty, any information obtained
12 under this Act, or to use any such information for personal
13 benefit.

14 (d) Nothing in this Act shall be construed to require
15 any person to sell any commodity or to offer any accommo-
16 dations for rent.

17 TITLE II—ADMINISTRATION AND ENFORCEMENT

18 ADMINISTRATION

19 SEC. 201. (a) There is hereby created an Office of Price
20 Control, which shall be under the direction of a Price Admin-
21 istrator (in this Act called the "Administrator"). The
22 Administrator shall be appointed by the President, by and
23 with the advice and consent of the Senate, and shall receive
24 compensation at the rate of \$10,000 per annum.

25 (b) The Administrator may, subject to the civil-service

1 laws, appoint such employees as he deems necessary in order
2 to carry out his functions and duties under this Act, and shall
3 fix their compensation in accordance with the Classification
4 Act of 1923, as amended. The Administrator may utilize
5 the services of Federal, State, and local agencies and may
6 establish and utilize such regional, local, or other agencies,
7 and utilize such voluntary and uncompensated services, as
8 may from time to time be needed. Attorneys appointed
9 under this section may appear for and represent the Admin-
10 istrator in any case in any court. In the appointment, selec-
11 tion, classification, and promotion of officers and employees
12 of the Office of Price Control, no political test or qualification
13 shall be permitted or given consideration, but all such appoint-
14 ments and promotions shall be given and made on the basis
15 of merit and efficiency.

16 (c) The principal office of the Administrator shall be
17 in the District of Columbia, but he or any duly authorized
18 representative may exercise any or all of his powers in any
19 place.

20 (d) The Administrator shall have authority to make
21 such expenditures (including expenditures for personal serv-
22 ices and rent at the seat of government and elsewhere; for
23 lawbooks and books of reference; and for paper, printing,
24 and binding) as he may deem necessary for the administration
25 and enforcement of this Act. The provisions of section 3709

1 of the Revised Statutes shall not apply to the purchase of
2 supplies and services by the Administrator where the aggregate
3 amount involved does not exceed \$250.

4 (e) The Administrator may, from time to time, issue
5 such regulations and orders as he may deem necessary or
6 proper in order to carry out the purposes and provisions of
7 this Act. Any regulation or order under this Act may be
8 issued after such inquiry as the Administrator deems necessary
9 or proper.

10 (f) In establishing a ceiling for any specified commodity,
11 the Administrator shall, so far as practicable, advise and
12 consult with representative members of the industry which
13 will be subject to such ceiling. In the case of any commodity
14 for which a ceiling has been established, the Administrator
15 shall, at the request of any substantial portion of the
16 industry subject to such ceiling, appoint an Industry Advisory
17 Committee, or Committees, either national or regional or
18 both, consisting of such number of representatives of the industry
19 as may be necessary in order to constitute a committee
20 truly representative of the industry, or of the industry in such
21 region as the case may be. The committee shall select a
22 chairman from among its members, and shall meet at the call
23 of the chairman. The Administrator shall from time to time,
24 at the request of the committee advise and consult with the
25 committee with respect to the ceiling, and with respect to

1 the form thereof, and classifications, differentiations, and ad-
2 justments therein. The committee may make such recom-
3 mendations to the Administrator as it deems advisable.

4 OBTAINING INFORMATION

5 SEC. 202. (a) The Administrator may make such stud-
6 ies and investigations, and obtain or require the furnishing of
7 such information under oath or affirmation or otherwise, as
8 he deems necessary or proper to assist him in prescribing
9 any regulation or order under this Act, and in the adminis-
10 tration and enforcement of this Act, and regulations and
11 orders thereunder. For such purposes the Administrator may
12 administer oaths and affirmations, may require by subpena
13 or otherwise the attendance and testimony of witnesses and
14 the production of documents at any designated place, may
15 require persons to permit the inspection and copying of
16 documents, and the inspection of inventories, and may, by
17 regulation or order, require the making and keeping of
18 records and other documents and the making of reports.
19 No person shall be excused from complying with any require-
20 ment under this section because of his privilege against self-
21 incrimination, but the immunity provisions of the Compulsory
22 Testimony Act of February 11, 1893 (U. S. C., 1934 edition,
23 title 49, sec. 46) . shall apply with respect to any individual
24 who specifically claims such privilege.

25 (b) The Administrator shall not publish or disclose any

1 information obtained under this Act that he deems confi-
2 dential or with reference to which a request for confidential
3 treatment is made by the person furnishing such information,
4 unless he determines that the withholding thereof is contrary
5 to the interest of the national defense and security.

PROCEDURE

7 SEC. 203. (a) Within a period of sixty days after the
8 issuance of any regulation or order under section 2 any per-
9 son subject to any provision thereof may, in accordance with
10 regulations to be prescribed by the Administrator, file a pro-
11 test specifically setting forth objections to any such provision
12 and affidavits or other written evidence in support of such
13 objections. At any time after the expiration of such sixty
14 days any person subject to any provision of any such regu-
15 lation or order may file such a protest based solely on grounds
16 arising after the expiration of such sixty days. Statements
17 in support of any such regulation or order may be received
18 and incorporated in the transcript of the proceedings at such
19 times and in accordance with such regulations as may be
20 prescribed by the Administrator. Within a reasonable time
21 after the filing of any protest under this subsection, but in
22 no event more than thirty days after such filing or ninety
23 days after the issuance of the regulation or order in respect
24 of which the protest is filed, whichever occurs later, the
25 Administrator shall either grant or deny such protest in whole

1 or in part, notice such protest for hearing, or provide an
2 opportunity to present further evidence in connection there-
3 with.

4 (b) In the administration of this Act the Administrator
5 may take official notice of economic and other facts, including
6 facts found by him as a result of action taken under section
7 202. Any proceedings under this section may be limited to
8 the filing of affidavits, or other written evidence, and the
9 filing of briefs.

10

REVIEW

11 SEC. 204. (a) Any protestant who is aggrieved by the
12 denial or partial denial of his protest, may, within thirty days
13 after such denial, file a complaint with the Emergency Court
14 of Appeals, created pursuant to subsection (c), specifying
15 his objections and praying that the regulation or order pro-
16 tested be set aside in whole or in part. A copy of such com-
17 plaint shall forthwith be served on the Administrator who
18 shall certify and file with such court a transcript of the pro-
19 ceedings in connection with the protest which shall include a
20 statement indicating the economic and other facts of which
21 the Administrator has taken official notice. Upon the filing
22 of such complaint the court shall have exclusive jurisdiction
23 to affirm or set aside such regulation or order, in whole or
24 in part, or to remand the proceeding: *Provided*, That the
25 regulation or order may be modified or rescinded by the

1 Administrator at any time notwithstanding the pendency of
2 such complaint. No objection to such regulation or order,
3 and no evidence in support of any objection thereto, shall be
4 considered by the court, unless such objection shall have been
5 set forth by the complainant in the protest or such evidence
6 shall be contained in the transcript. If application is made to
7 the court by either party for leave to introduce additional
8 evidence which was either offered to the Administrator and
9 not admitted, or which could not reasonably have been offered
10 to the Administrator or incorporated in the transcript, and
11 the court determines that such evidence is material, the court
12 shall order the evidence to be presented to the Administrator.
13 The Administrator shall promptly receive the same, and such
14 other evidence as he deems necessary or proper, and there-
15 upon he shall certify and file with the court a transcript
16 thereof, and any modification made in the regulation or order
17 as a result thereof, except that on request by the Adminis-
18 trator, any such additional evidence may be presented directly
19 to the court.

20 (b) No such regulation or order shall be set aside, in
21 whole or in part, unless the complainant establishes to the
22 satisfaction of the court that the regulation or order is not
23 in accordance with law, or is arbitrary or capricious. The
24 effectiveness of a judgment of the court setting aside in whole
25 or in part any such regulation or order shall be postponed

1 until the expiration of thirty days from the entry thereof,
2 except that if a petition for a writ of certiorari is filed with
3 the Supreme Court under subsection (d) within such thirty
4 days, the effectiveness of such judgment shall be postponed
5 until an order of the Supreme Court denying such petition
6 becomes final, or until other final disposition of the case by
7 the Supreme Court.

8 (c) There is hereby created a court of the United States
9 to be known as the Emergency Court of Appeals, which shall
10 consist of three or more judges to be designated by the Chief
11 Justice of the United States from judges of United States
12 district courts and circuit courts of appeals. The Chief Justice
13 of the United States shall designate one of such judges as chief
14 judge of the Emergency Court of Appeals, and may, from
15 time to time, designate additional judges for such court and
16 revoke previous designations. The chief judge may, from
17 time to time, divide the court into divisions of three or more
18 members, and any such division may render judgment as the
19 judgment of the court. The court shall have the powers
20 of a district court with respect to the jurisdiction conferred
21 on it by this Act to affirm or set aside, in whole or in part,
22 any regulation or order under section 2, or to remand the
23 proceeding, except that it shall not have the jurisdiction to
24 issue any order or decree staying the effectiveness of any
25 regulation or order establishing a ceiling. The court shall

1 exercise its powers and prescribe rules governing its procedure
2 in such manner as to expedite the determination of cases of
3 which it has jurisdiction under this Act. The court shall
4 have a seal, hold sessions at such places as it may specify, and
5 appoint a clerk and such other employees as it deems neces-
6 sary or proper.

7 (d) Within thirty days after entry of a judgment or
8 order, interlocutory or final, by the Emergency Court of
9 Appeals, a petition for a writ of certiorari may be filed in the
10 Supreme Court of the United States, and thereupon the
11 judgment or order shall be subject to review by the Supreme
12 Court in the same manner as a judgment of a circuit court
13 of appeals as provided in section 240 of the Judicial Code,
14 as amended (U. S. C., 1934 edition, title 28, sec. 347). The
15 Supreme Court shall advance on the docket and expedite
16 the disposition of all causes filed therein pursuant to this
17 subsection. The Emergency Court of Appeals, and the
18 Supreme Court upon review of judgments and orders of the
19 Emergency Court of Appeals, shall have exclusive jurisdic-
20 tion to determine the validity of regulations and orders under
21 section 2, and the validity of the provisions of this Act
22 authorizing such regulations or orders. Except as provided
23 in this section, no court, Federal, State, or Territorial, shall
24 have jurisdiction or power to consider such validity, or to
25 stay, restrain, enjoin, or set aside, in whole or in part, any

1 such provision of this Act, or any provision of any such regu-
2 lation or order, or to restrain or enjoin the enforcement of
3 any such provision.

4 ENFORCEMENT

5 SEC. 205. (a) Whenever in the judgment of the Ad-
6 ministrator any person has engaged or is about to engage
7 in any acts or practices which constitute or will constitute
8 a violation of any provision of section 4 of this Act, he may
9 make application to the appropriate court for an order enjoin-
10 ing such acts or practices, or for an order enforcing com-
11 pliance with such provision, and upon a proper showing a
12 permanent or temporary injunction, restraining order, or
13 other order shall be granted without bond.

14 (b) Any person who willfully violates any provision of
15 section 4 of this Act, and any person who makes any state-
16 ment or entry false in any material respect in any document
17 or report required to be kept or filed under section 2 or sec-
18 tion 202, shall, upon conviction thereof, be subject to a fine
19 of not more than \$5,000, or to imprisonment for not more
20 than two years in the case of a violation of section 4 (c)
21 and for not more than one year in all other cases, or to both
22 such fine and imprisonment. Whenever the Administrator
23 has reason to believe that any person is liable to punishment
24 under this subsection, he may certify the facts to the Attor-
25 ney General, who may, in his discretion, cause appropriate
26 proceedings to be brought.

1 (c) The district courts shall have jurisdiction of criminal
2 proceedings for violations of section 4 of this Act, and con-
3 currently with State and Territorial courts, of all civil pro-
4 ceedings under section 205 (a). Such civil proceedings
5 and any criminal proceedings may be brought in any district
6 in which any part of any act or transaction constituting
7 the violation occurred. Any such civil proceedings may
8 also be brought in the district in which the defendant resides
9 or transacts business, and process in such cases may be served
10 in any district wherein the defendant resides or transacts
11 business or wherever the defendant may be found. No costs
12 shall be assessed against the United States Government in
13 any proceeding under this Act.

14 (d) No person shall be held liable for damages or penal-
15 ties in any Federal, State, or Territorial court, on any grounds
16 for or in respect of anything done or omitted to be done in
17 good faith pursuant to any provision of this Act or any
18 regulation, order, or requirement thereunder, or under any
19 regulation or order of the Administrator of the Office of Price
20 Administration or of the Administrator of the Office of Price
21 Administration and Civilian Supply, notwithstanding that
22 subsequently such provision, regulation, order, or requirement
23 may be modified, rescinded, or determined to be invalid.
24 The Administrator may intervene in any suit or action
25 wherein a party relies for ground of relief or defense upon

1 this Act or any regulation, order, or requirement thereunder.

2 EFFECT OF PRICE REGULATIONS ON CONTRACT OBLIGATIONS

3 SEC. 206. Provisions in any contract or agreement for
4 the sale of any commodity heretofore or hereafter entered
5 into while a ceiling on such commodity was in effect, which
6 require the payment, either unconditionally or on condition
7 that such ceiling should be modified, rescinded, or declared
8 invalid, of a price in excess of such ceiling are hereby declared
9 to be invalid and unenforceable. Provisions in any contract
10 or agreement for the sale of any commodity heretofore or
11 hereafter entered into while a ceiling on such commodity
12 was not in effect, but under which deliveries were made while
13 such a ceiling was in effect, which require the payment,
14 either conditionally or unconditionally, of a price in excess
15 of such ceiling, are hereby declared invalid and unenforce-
16 able with respect to such deliveries. As used in this section
17 the term ceiling shall include any ceiling established by regu-
18 lation or order of the Administrator of the Office of Price
19 Administration or the Administrator of the Office of Price
20 Administration and Civilian Supply.

21 TITLE III—MISCELLANEOUS

22 QUARTERLY REPORT

23 SEC. 301. The Administrator from time to time, but not
24 less frequently than once every ninety days, shall transmit to
25 the Congress a report of operations under this Act. If the

1 Senate or the House of Representatives is not in session,
2 such reports shall be transmitted to the Secretary of the
3 Senate, or the Clerk of the House of Representatives, as the
4 case may be.

5 DEFINITIONS

6 SEC. 302. As used in this Act—

7 (a) The term “sale” includes sales, dispositions, ex-
8 changes, leases, and other transfers, and contracts and offers
9 to do any of the foregoing. The terms “sell”, “selling”,
10 “seller”, “buy”, and “buyer”, shall be construed accordingly.

11 (b) The term “price” means the consideration demanded
12 or received in connection with the sale of a commodity.

13 (c) The term “commodity”, in addition to commodities,
14 articles, products, and materials, includes services rendered
15 otherwise than as an employee in connection with the proc-
16 essing, distribution, storage, installation, repair, or negotia-
17 tion of purchases or sales, of a commodity, or in connection
18 with the operation of any service establishment: *Provided*,
19 That nothing in this Act shall be construed to authorize the
20 regulation of (1) compensation paid by an employer to any
21 of his employees, or (2) rates charged by any common carrier
22 or other public utility.

23 (d) The term “defense-rental area” means the District
24 of Columbia and any area designated by the Administrator
25 as an area where defense activities have resulted or threaten

1 to result in an increase in the rents for housing accommoda-
2 tions inconsistent with the purposes of this Act.

3 (e) The term "defense-area housing accommodations"
4 means housing accommodations within any defense-rental
5 area.

6 (f) The term "housing accommodations" means any
7 building, structure, or part thereof, or land appurtenant
8 thereto, or any other real or personal property rented or
9 offered for rent for living or dwelling purposes (including
10 houses, apartments, hotels, rooming or boarding house accom-
11 modations, and other properties used for living or dwelling
12 purposes) together with all privileges, services, furnishings,
13 furniture, and facilities connected with the use or occupancy
14 of such property.

15 (g) The term "rent" means the consideration demanded
16 or received in connection with the use or occupancy or the
17 transfer of a lease of any housing accommodations.

18 (h) The term "person" includes an individual, corpora-
19 tion, partnership, association, or any other organized group
20 of persons, or legal successor or representative of any of the
21 foregoing, and includes the United States or any agency
22 thereof, or any other government, or any of its political sub-
23 divisions, or any agency of any of the foregoing: *Provided*,
24 That no punishment provided by this Act shall apply to the

1 United States, or to any such government, political subdivi-
2 sion, or agency.

3 (i) The term "ceiling", as applied to prices of com-
4 modities means the maximum lawful price for such commod-
5 ities, and as applied to rents, means the maximum lawful
6 rent for the use of defense-area housing accommodations.
7 Ceilings may be formulated in terms of prices, rents, margins,
8 commissions, fees, and other charges, and allowances.

9 (j) The term "documents" includes records, books, ac-
10 counts, correspondence, memoranda, and other documents,
11 and drafts and copies of any of the foregoing.

12 (k) The term "district court" means any district court
13 of the United States, and the United States Court for any
14 Territory or other place subject to the jurisdiction of the
15 United States.

16 SEPARABILITY

17 SEC. 303. If any provision of this Act or the applica-
18 tion of such provision to any person or circumstances shall
19 be held invalid, the validity of the remainder of the Act and
20 the applicability of such provision to other persons or cir-
21 cumstances shall not be affected thereby.

22 APPROPRIATIONS AUTHORIZED

23 SEC. 304. There are authorized to be appropriated such
24 sums as may be necessary or proper to carry out the pro-
25 visions and purposes of this Act.

SHORT TITLE

- 1
- 2 SEC. 305. This Act may be cited as the "Emergency
- 3 Price Control Act of 1941".

Union Calendar No. 476

77TH CONGRESS
1ST SESSION**H. R. 5990**

[Report No. 1409]

A BILL

To further the national defense and security
by checking speculative and excessive price
rises, price dislocations, and inflationary
tendencies, and for other purposes.

By Mr. STEAGALL

NOVEMBER 7, 1941

Committed to the Committee of the Whole House on
the state of the Union and ordered to be printed

Whereas flood conditions since the construction of this dam have proven conclusively the necessity for the construction of that project as recommended by the United States Army engineers; and

Whereas, according to information received, the same Grand River Dam Authority is proposing to construct the Markham's Ferry and Fort Gibson projects at a top height 20 feet lower than recommended by the United States Army engineers; and

Whereas the floods in the Grand River not only create great damage in the immediate area of these projects but throughout the lower valley of the Arkansas: Now, therefore, be it

Resolved, That the Federal Government acquire title to the Pensacola Dam and provide, insofar as possible, additional flood control therein; and be it further

Resolved, That the construction of the Markham's Ferry and Fort Gibson projects be b. and under the control of the United States Army engineers according to their plans, as apparently only in this manner will the citizenship and property be protected from the ravages of floodwaters originating in and emanating from the Grand River Valley.

The SPEAKER. The time of the gentleman from Arkansas has expired.

LEAVE TO ADDRESS THE HOUSE

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent that after the disposition of special orders on Monday next, at the conclusion of the legislative business of the day, I be permitted to address the House for 30 minutes.

The SPEAKER. Is there objection?
There was no objection.

THE LATE LEE D. ROBINSON

Mr. BURGIN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?
There was no objection.

Mr. BURGIN. Mr. Speaker, it is my sad duty to notify the House of the death of the Honorable Lee D. Robinson, a former Member of this distinguished body, who died at his home in Wadesboro, N. C., this morning, following an illness of several months.

Mr. Robinson represented the Seventh Congressional District of North Carolina, now the Eighth Congressional District, which I have the honor to represent, from March 4, 1917, to March 3, 1921. Many Members of the House will remember the outstanding service he rendered our country during the World War period and the days that followed.

After voluntary retirement from Congress in 1921, he returned to Wadesboro, where he devoted his life to banking and agricultural interests, as well as to the welfare and progress of his home community. Prior to his election to the Congress he served as a member of the Legislature of North Carolina and also as solicitor of the thirteenth judicial district.

The Nation, as well as the State of North Carolina, has sustained in his death the loss of a fine citizen and a statesman in the truest sense.

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?
There was no objection.

Mr. DOUGHTON. Mr. Speaker, it was with profound regret that I learned this morning of the death of the Honorable Lee D. Robinson, a former Member of this House, who served in the Sixty-fifth and Sixty-sixth Congresses. The Eighth District of North Carolina, formerly the seventh, has been most fortunate in its representation in Congress, including the present Representative, since I have been a Member of this body. When I first came here the district was represented by the Honorable R. M. Page. He was a leader in the House whose views on public matters were always held in the highest esteem. Mr. Robinson succeeded him, serving two terms, when he voluntarily retired. He was not a candidate for renomination and reelection. He was a faithful and diligent Member of this body and enjoyed the respect, confidence, and the friendship of the entire membership of the House. In his passing the State of North Carolina has sustained a loss of one of its most useful citizens, as well as an outstanding businessman. No man in North Carolina was held in higher esteem than was the Honorable Lee D. Robinson. I take this opportunity of making this statement and to express my deepest and most sincere and heartfelt sympathy to the members of his family.

AMENDING THE RAKER ACT

Mr. ROLPH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?
There was no objection.

Mr. ROLPH. Mr. Speaker, unfortunately I was not in this Chamber yesterday at the time the gentleman from Mississippi [Mr. RANKIN] asked permission to address the House.

In reading his extension of remarks in the Record this morning, I note he stated:

We are not going to amend the Raker Act just to gratify the cupidity of any selfish interest.

In asking my colleagues to amend the Raker Act, I am doing exactly what every other Member of this House would do under similar circumstances—faithfully and loyally heeding the voice of my constituents who, on Tuesday, voted, 112,857 to 66,120, a plurality of 46,737, against the bonds.

All the people of San Francisco want is fair treatment—nothing more, nothing less—and I know full well you will hear their case with open minds.

[Here the gavel fell.]

EXPENDITURES IN GOVERNMENT

Mr. RICH. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection?
There was no objection.

Mr. RICH. Mr. Speaker, if you refer to the Treasury statement of November 3, that is for 4 months and 3 days of this fiscal year, you will find we have gone in the red \$4,831,000,000 and more. That means that at the end of the year, if we average the same for that time, we will be over fourteen and one-half billions in the red. I would not be surprised if

it will run nearer to twenty billions before the year is over.

As was stated before, the Ways and Means Committee must get the people of this country to pay and pay and pay, or we are going to have a wreck, a wreck, a wreck. I will say that when the President of the United States says we will spend and spend and spend, you can see where we are going, going, going. I think it is time for the Congress to get busy and keep this country from being ruined.

I ask the Ways and Means Committee to make the people pay and pay and pay. [Here the gavel fell.]

EXTENSION OF REMARKS

Mr. WASIELEWSKI. Mr. Speaker, I ask unanimous consent to place in the Appendix of the Record a telegram I recently received.

The SPEAKER. Is there objection?
There was no objection.

Mr. RUSSELL. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix of the Record by including an editorial from the Bergen Evening Star.

The SPEAKER. Is there objection?
There was no objection.

Mr. JARMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record and include two resolutions from the Alabama Farm Bureau.

The SPEAKER. Is there objection?
There was no objection.

Mr. GEHRMANN. Mr. Speaker, I ask unanimous consent to extend my remarks by including an address made by Mr. Olds, Chairman of the Federal Power Commission, before the Muskegon Chamber of Commerce.

The SPEAKER. Is there objection?
There was no objection.

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix and to include therein a brief editorial entitled "Formula for War," written by Mark Twain, appearing in The Mysterious Stranger.

The SPEAKER. Is there objection?
There was no objection.

Mr. NELSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix and to include two letters with reference to the Rural Electrification Administration.

The SPEAKER. Is there objection?
There was no objection.

LEAVE OF ABSENCE

Mr. HARRIS of Arkansas. Mr. Speaker, I ask unanimous consent that leave of absence be granted to my colleagues, Mr. JACOBSEN, Mr. IMHOFF, Mr. JOHNSON of California, Mr. ANDERSON of California, and Mr. BLACKNEY, on account of official business.

The SPEAKER. Without objection the request is granted.
There was no objection.

EXTENSION OF REMARKS

Mr. HARRIS of Arkansas. Mr. Speaker, I ask unanimous consent that my colleague, Mr. ELLIS, may have leave to extend his own remarks in the Record.

The SPEAKER. Is there objection?
There was no objection.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on three subjects and to include certain excerpts.

The SPEAKER. Is there objection?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a letter from Col. Robert M. Goodwin on price control, printed in the Boston Herald.

The SPEAKER. Is there objection?

There was no objection.

Mr. PADDOCK. Mr. Speaker, I ask unanimous consent to extend my remarks and include therein a newspaper article.

The SPEAKER. Is there objection?

There was no objection.

WAR DEPARTMENT BUYS BLOOD

Mr. SHAFER of Michigan. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection?

There was no objection.

Mr. SHAFER of Michigan. Mr. Speaker, those Members of Congress who are still of the opinion that the administration is not contemplating, or preparing for, actual participation in the European mess might be interested in the fact that from October 20 to 25—6 days—contracts were awarded by the United States Army procurement for \$1,026,250 worth of human blood—human plasma—for transfusion purposes. These purchases of human blood were listed in bulletin 260 of the United States Department of Labor, Division of Public Contracts, just issued. The laboratories receiving these contracts and the amounts of their contracts are as follows:

Eli Lilly Co., Indianapolis, Ind.....	\$337, 500
Abbott Laboratories, North Chicago, Ill.....	162, 500
Lederle Laboratories, Inc., New York City.....	175, 000
Reichel Laboratories, Kimberton, Pa.....	168, 750
Cutter Laboratories, Chicago, Ill.....	182, 500

Although I do not have the figures, I assume that this is only a small portion of the human plasma—blood—that has been purchased. As I stated in the beginning, these purchases were merely for a 6-day period.

During the same period, according to this same bulletin, there were purchased \$197,919 worth of band instruments, which, I assume, will be used to stir up the hysteria necessary to sell war to this Nation, whose people are overwhelmingly opposed to another A. E. F.

Mr. Speaker, I have placed these facts concerning the purchase of human blood before the House today to remind those who have supported the program to send millions of American sons into the European conflict what a horrible thing it is going to be.

I also take this occasion to remind the people of America that Mr. Roosevelt stated in Boston prior to the election last November:

And while I am talking to you fathers and mothers, I give you one more assurance—I have said this before, but I shall say it again and again and again—your boys are not going to be sent into any foreign wars.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. MICHENER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. SPARKMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an editorial.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

PERMISSION TO FILE REPORT ON H. R. 5990, THE PRICE-CONTROL BILL

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to have until midnight tomorrow night to file a report on the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

ADJOURNMENT TO MONDAY

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

ADJOURNMENT FROM MONDAY TO WEDNESDAY AND PROGRAM FOR THE WEEK OF NOVEMBER 10

Mr. McCORMACK. Mr. Speaker, next Tuesday being Armistice Day, I ask unanimous consent that when the House adjourns on Monday next it adjourn to meet the following Wednesday.

Mr. HOFFMAN. Mr. Speaker, reserving the right to object, will the gentleman tell me: Is it the purpose of the majority to ask 3-day adjournments until after the 15th, when Lewis will tell the President whether the miners will go back to work?

Mr. McCORMACK. The first part of the gentleman's inquiry constitutes a question, and in answer I may say there is no intent to adjourn until after the 15th. I am not now, of course, in making my answer recognizing the latter part of the gentleman's inquiry, but am making a courteous reply to the first part.

Mr. PATMAN. Mr. Speaker, reserving the right to object, and I shall not, I notice the District Committee of the House has agreed with the District of Columbia Committee of the Senate to strike out a very important amendment that was placed in the rent-control bill by the House the other day. I wonder when that conference report will be brought before the House.

Mr. McCORMACK. I am frank in saying that the information my friend from Texas just conveyed to the House was the first knowledge I have had of it. I am unable to answer the gentleman's question. I am sure, however, the Chairman of the Committee on the District of Columbia of the House will be very glad to try and accommodate the reasonable convenience of the gentleman from

Texas for the calling up of the conference report.

Mr. PATMAN. The gentleman has no plans at this time?

Mr. McCORMACK. I have no plans. The gentleman's observation is the first knowledge I have had of the matter.

Mr. RICH. Mr. Speaker, reserving the right to object, has the gentleman from Massachusetts any plan to take up the Vinson bill, for which a rule has been granted, or any legislation to stop strikes in the defense industries? Does the administration plan any action in this respect?

Mr. McCORMACK. The gentleman is asking two questions and I will answer the first. For the next 10 days the time of the House will be pretty well occupied. It is unwise, of course, to plan too far ahead.

Mr. RICH. The reason I put the two questions and coupled the administration and the gentleman from Massachusetts together is because the gentleman from Massachusetts represents the administration.

Mr. McCORMACK. The gentleman from Pennsylvania unreasonably flatters me. While I appreciate the compliment, in justice and truthfulness I must take issue with the gentleman's statement.

Mr. RICH. We know that unless the gentleman, who represents the administration, makes some effort to bring that legislation here we are not going to be permitted to debate it or to vote on it.

Mr. McCORMACK. I wish I had all the power attributed to me by the gentleman from Pennsylvania. On second thought, however, I would not want to have all that power. I may say further that no leader, neither majority nor minority, possesses the power the gentleman says I possess.

Mr. RICH. The gentleman should take the lead then in taking some of the power back from the President of the United States and replacing it in the hands of the Congress.

Mr. MICHENER. Mr. Speaker, reserving the right to object, will the gentleman be so kind as to tell us what the program is for Monday?

Mr. McCORMACK. I know of nothing to come up on Monday except what may be submitted by unanimous-consent requests.

Mr. MICHENER. And it is thought that possibly the neutrality bill will be before the House on Wednesday?

Mr. McCORMACK. It all depends on the action of the Senate. If the neutrality bill passes the Senate and is messaged over here in time it is the hope of the majority to bring the bill up on Wednesday. I say the hope. Arrangements will be made for debate, which will, of course, be much longer than an hour. I can assure the House there is no need to be disturbed about the length of debate. As far as I personally am concerned I favor liberal debate; but if the neutrality bill is messaged over in time we are in hopes of bringing it up Wednesday. In any event whenever it is messaged over it becomes the order of business. Then, of course, the price-control bill will undoubtedly be called up for consideration.

House Calendar No. 203

77TH CONGRESS
1ST SESSION

H. RES. 348

[Report No. 1434]

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 21, 1941

Mr. COLMER, from the Committee on Rules, reported the following resolution:
which was referred to the House Calendar and ordered to be printed

RESOLUTION

1 *Resolved*, That upon the adoption of this resolution it
2 shall be in order to move that the House resolve itself into
3 the Committee of the Whole House on the state of the Union
4 for the consideration of H. R. 5990, a bill to further the
5 national defense and security by checking speculative and
6 excessive price rises, price dislocations, and inflationary tend-
7 encies, and for other purposes. That after general debate,
8 which shall be confined to the bill and continue not to exceed
9 two days, to be equally divided and controlled by the chair-
10 man and ranking minority member of the Committee on
11 Banking and Currency, the bill shall be read for amendment
12 under the five-minute rule. At the conclusion of such con-

1 sideration, the Committee shall rise and report the bill to
 2 the House with such amendments as may have been adopted,
 3 and the previous question shall be considered as ordered on
 4 the bill and amendments thereto to final passage without
 5 intervening motion, except one motion to recommit.

RESOLUTION

For the consideration of H. R. 5990, a bill to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

By Mr. COLMER

NOVEMBER 21, 1941

Referred to the House Calendar and ordered to be printed

Nov 24

sirable to leave that in there, but as a practical matter it would not work?

Mr. SMITH of Virginia. Yes. There was no disposition on the part of the Rules Committee to get away from that question.

Mr. CRAWFORD. Will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Michigan.

Mr. CRAWFORD. The limitation of profits to which the gentleman now refers are profits made on defense contracts, are they not?

Mr. SMITH of Virginia. Yes.

Mr. CRAWFORD. Not the profits made on other than wartime operations?

Mr. SMITH of Virginia. Whatever the provision in the Gore bill was; I am not familiar with it.

Mr. DISNEY. Will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Oklahoma.

Mr. DISNEY. How is it proposed to consider the Gore bill—section by section, or what is the plan before the House?

Mr. SMITH of Virginia. The Gore bill will be offered as a substitute for the Steagall bill when the first paragraph is read. Then it will be open for amendment just like an original bill.

Mr. BARRY. Will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from New York.

Mr. BARRY. May I point out to the gentleman that the only fundamental difference between the Gore bill and the Steagall bill is wages, because under section 206, just as soon as this bill is enacted into the law, the Administrator can say, "There is no ceiling necessary except for articles I have already placed a ceiling on," and then we are right back where we started.

Mr. SMITH of Virginia. I am not now discussing the merits of the bill. I just want to see that both sides have an opportunity to present their respective views, fairly and fully, to the House.

Mr. COLMER. Mr. Speaker, I move the previous question on the adoption of the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

EXTENSION OF REMARKS

Mr. DISNEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record.

The SPEAKER. Is there objection?

There was no objection.

PRICE CONTROL

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 5990, to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 5990, with Mr. COOPER in the chair.

The Clerk read the title of the bill.

The first reading of the bill was dispensed with.

Mr. STEAGALL. Mr. Chairman, before I begin discussion of this proposal, may I say that I am a little surprised at the discussion that has taken place with reference to the procedure under which this bill is to be considered? I stated to the Rules Committee when the Banking and Currency Committee appeared before it to ask for a rule providing for the consideration of this bill that I was asking for an open rule and that no member of the Banking and Currency Committee asked for or expected any other rule to be submitted to the House. I do not think the Banking and Currency Committee is to be censured, certainly not by the Committee on Rules, for asking that this bill be considered under the regular rules of the House and left open for the consideration of every amendment that could be offered relating to price stabilization. Of course, I have no thought of denying recognition to the gentleman from Tennessee [Mr. GORE] and others who may desire to speak in support of the amendment which he contemplates offering as a substitute for the committee bill.

I need not say that this bill involves a most important as well as an exceedingly difficult question. The Committee on Banking and Currency spent weeks and weeks in a most painstaking and careful study of this question. We could not invite everybody who might have desired to be heard or who might have thought they could be helpful to the committee, but I think no one will deny that we did give ample time for presentation and discussion of all the facts and views that merited consideration in connection with this measure.

There are differences of opinion in this House. There were differences in the Committee on Banking and Currency, and there are still differences among the members of the Committee on Banking and Currency; but this bill, though it does not in every respect represent the individual judgment of any single member of the Banking and Currency Committee, does represent the combined judgment of that committee, and it was reported to the House by a record vote of 18 to 5.

Those of us who were in touch with developments in the country following the first World War have very definite views on the subject of inflation. As far as I know, no one contends that we should not at this time employ all necessary and legitimate constitutional powers of the Government to prevent a repetition of the unhappy experiences and the great distress, demoralization, and suffering that came from the reaction that followed the inflation experienced during the first World War.

I have always been in favor of price stabilization by the exercise of the powers of sovereign Government of the United States. During the first session of Congress in which I had the honor to serve as chairman of the Banking and Currency Committee of the House, that committee reported a price-stabilization bill to the House which received the approval of the House with only 60 votes against it on a record vote. Some of

those among Government officials who now find themselves ardently supporting price-stabilization action by the Government said that we did not know what we were doing in 1932 when we said that the Government could and should by proper action stabilize the economy of the Nation. If I had no other reason for supporting this bill or a similar measure designed to accomplish the same purpose, I should support it with delight, because it recognizes and vindicates the correctness of the contention made by those of us who sought similar legislation to deal with the horrible deflationary conditions that existed when that bill was considered before the House in 1932.

One reason I support this legislation now is that I am glad to have our Government make a record establishing the precedent and accepting the principle that it is the sovereign duty of the Government to stabilize values and protect the people of this country against the wild price fluctuations we have had in the past, with all the resulting suffering brought upon the people of the Nation.

When we attempted that legislation in 1932 the problem was far different and far less difficult than the problem we face at this hour. I do not think anybody believes that in the situation now confronting us that this bill or any one effort on the part of the Government can accomplish the prevention of inflationary tendencies that are recognized as important at this time. Those who by experience have peculiar knowledge of this problem advised the Committee on Banking and Currency that this bill alone would not be sufficient to accomplish the desired results, but that it would take an integrated program, a program of taxation, of monetary policy, of credit control, all the combined efforts and influences that the Government may exercise in dealing with this problem, if we are to accomplish what is recognized as necessary.

No one expects this bill to safeguard the Nation completely against all inflationary developments. But if we can accomplish a large measure of what is desired we shall have rendered a great service to the Nation.

Already the present Price Administration has been able by agreement and negotiation to accomplish safeguards and restrictions covering about 30 percent of the price level represented on the basis of the Bureau of Labor Statistics index. Much more can be accomplished, but not the full measure of protection necessary for the years that lie ahead.

In ordinary times nobody here would favor this legislation or any similar legislation. I know I should not favor any such legislation. I will go further and say that if we could know that conditions would remain as they are, that there would be no worse developments than we have experienced down to this time, I should not for a moment regard it as necessary to pass legislation like this; but we are only at the beginning of the Nation's program of expenditures; we have just begun. Only a few billions have been spent down to this time, but we are fast coming into a program that will call for the expenditure of several billion dollars a month, and no one knows how

much before we are through. No one knows when we are to reach the end.

Therefore, first for the protection of the Government in these enormous expenditures in connection with the enlargement of our Military Establishment, if we want to make our appropriations as small as we can, if we want to safeguard the Treasury against unnecessary expenditures that would burden our people and perplex and disturb the Congress and the leadership of the Nation, it is highly desirable that we protect the Treasury of the United States during this emergency.

We are now planning \$67,000,000,000 of expenditures. If we permit increases in prices of 25 percent or 50 percent, we simply reduce the amount of materials and equipment that can be obtained out of that fund proportionately, and we shall find ourselves confronted with the necessity of making supplemental appropriations to make up for the increases in prices or curtail the purchase program.

But that is not all. We need to protect the public. We need to protect the consumers of the country. We need to protect the salaried man, the wage earner, all those who live on definite incomes, against wild and indefensible inflationary price levels. Already the tendency is here, and, of course, it grows with increasing velocity as time runs along.

A great deal is being said in this discussion about wages and profits. We do not care, of course, to confuse the legislative procedure by permitting a price stabilization bill to be turned into a tax measure; but on the matter of profits, I think everybody in this House recognizes that it is desirable that the Government be protected against extortionate costs of construction in connection with the defense program. Nobody questions that.

I do not know just what a full inquiry and investigation into the situation would develop. I am not sufficiently informed to say, but I think we are justified in the fear that we are not doing all that should be done in that connection. I am not an authority, of course, on any matter of military or naval construction or matters involved in those programs, and I have no desire to criticize anybody or even undertake to advise what should be done. I have come to the conclusion, however, that the best program for the Government, perhaps, would be that all contracts should be negotiated under rules and plans that will permit the Government to stand guard at every turn to examine materials, to inspect the character of the work, to watch the pay roll, and to see that the Government gets fair value for its expenditures. Then, when we get through, we should pay the contractor what is due him, have an end of it, and call it a day. That is the view I have come to in my limited understanding of that problem.

Certain it is, however, that one way to prevent undue or exorbitant prices in connection with the Government's program is to have a proper, effective price-stabilization agency of the Government stand guard for the protection of the Government in the matter of prices. This would, to some extent at least, control the profit situation.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. WHITE. The gentleman speaks of enforcing the provisions of this bill. How large an organization is going to be required and how much is it going to cost?

Mr. STEAGALL. Which bill is the gentleman referring to, may I inquire?

Heaven only knows what it would cost to administer the other plan.

Mr. WHITE. I am speaking of the bill that carries the gentleman's name and the one he is speaking on now, H. R. 5990.

Mr. STEAGALL. I cannot give the gentleman the figures, but I will say to him that one of the reasons underlying the support and a favorable report by the committee of the particular bill reported is because the committee felt that it would save enormous expenditures for the Government as compared with a counterproposal, which contemplates an over-all ceiling, at least temporarily, on everything.

Mr. WHITE. The gentleman said four or five billion dollars would be expended monthly by the Government. If that amount of money is going to be expended monthly—

Mr. STEAGALL. I do not speak authoritatively about what this program is going to cost.

Mr. WHITE. If any such sum as that is going to be spent by the Government monthly, through what channels does the gentleman think that money will flow and what will be its destination?

Mr. STEAGALL. Did the gentleman say "if we do not control prices"?

Mr. WHITE. I said that the gentleman proposes by this bill to control prices and then he states that we will spend four or five billion dollars monthly on our defense program, and if we are to spend four or five billion dollars monthly and prices cannot be raised, through what channels will this money flow and what will be its destination?

Mr. STEAGALL. I do not know that I understand the gentleman's question.

Mr. WHITE. Will there be excess bank reserves or what will happen to that money that is spent monthly if we cannot raise prices and make adjustments by price levels?

Mr. STEAGALL. Of course, what becomes of the money is not affected by price control, but the amount of money we expend in carrying out your program.

Now there has been something said about wages in connection with this legislation. That matter was gone over by the Banking and Currency Committee and voted on in committee. Some members favored some provision not to supersede the present Government agencies established as the deliberate action of the Congress in dealing with the labor problem—not a labor bill, not an anti-strike bill as such, and not to deal exclusively with the matter of wages—but some members of the committee did feel that there should be in connection with this legislation provision for taking wages into consideration in reaching conclusions upon which a ceiling would be established. That matter is here, not

with the adoption of that view, but the matter is involved in this legislation, and it will be before the House for such action as the membership of the House may see fit to take. Of course, it presents a most difficult and disturbing problem. Nearly every witness before the committee advised that no such provision should be in the bill. A very distinguished gentleman whose name has been mentioned here, the gentleman from New York, Mr. Baruch—and I speak of him with the same admiration that has been expressed—appeared before the Banking and Currency Committee and he advised that there should be an over-all freezing of prices as of a certain date, including wages. We listened to him with the deepest interest and pleasure. The fact is he almost mesmerized the Committee on Banking and Currency, as he seems to have done the Committee on Rules.

Mr. MICHENER. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Not right now, if you will excuse me.

But, fortunately, the Committee on Banking and Currency had more time with him in which to discuss his proposals. We went a little further than the Committee on Rules. The fact is that the Committee on Rules conducted an ex parte hearing on the question of the differences in these two bills and, of course, they were left where I was when the gentleman from New York got through with his brilliant statement before our committee.

Mr. MICHENER. Was not the real trouble with your committee that you got under the Henderson spell and you have not yet come out?

Mr. PEARSON. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. PEARSON. The gentleman is discussing the question of including in this bill a ceiling over wages. I have no preconceived notions about the question, of course, because I have not had a chance to study it, but I would like to ask the gentleman to explain to the House what the experts advising his committee say about including a ceiling over wages and how they determine that an over-all price can be fixed on any commodity if the cost of the wage that goes into it is not likewise determined.

Mr. STEAGALL. I shall address myself to the point indicated by your question. I was about to say in conclusion of my reference to the gentleman from New York that when he concluded his general statement I asked him what date he would name as the time at which prices and everything should be frozen. With all due respect to the gentleman, he found himself in about the same kind of difficulty that confronted many of us on the Banking and Currency Committee. He was evidently in difficulty, because he did not answer. He talked a little while, and I ventured to suggest, as deferentially as I knew how, that he had not yet given us the date. He still did not answer immediately, but in a little time he returned to it and said, "I suggest the 1st day of January 1941." That is what he advocated. That was the Baruch plan

for freezing prices. Is there any Member here who would favor that or who would vote for it?

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. That was the gentleman's time for freezing prices? I venture to say there is not a Member of this House who would vote for freezing prices as of the 1st day of January 1941 and perpetuating all the injustice that existed on that date, but I want to say one thing: It had at least one advantage over the plan that is now being submitted to Congress as the Baruch plan, because this plan does not set any definite date. No man knows what the price would be in this bill if it should go into effect. This bill would provide the lowest price on commodities named any time during the week in which the bill will be approved. Does anybody know when it will be approved? Does anybody know what the price level will be when it is approved? Does anyone know how high or how low anything would be in price when this bill reaches the White House for approval? Such a plan would invite speculation and undoubtedly promote inflation because no definite date is named in this counterproposal as the time when prices should be fixed.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield? He has clinched that argument.

Mr. STEAGALL. I yield.

Mr. GIFFORD. I want the gentleman to answer the other question.

They said that if a ceiling were put on prices there would be no argument for higher wages, no threat necessary, because there would be no use to ask for them. Is that satisfactory to you?

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. In just a moment. Let me pursue this. So the gentleman from New York found himself in the midst of difficulties just like the rest of us when he came to the matter of writing a specific law that a lawyer or a judge could understand or that an agency of the Government could administer. But that was not all. I had some further discussion with the gentleman from New York when we discussed the suggestion of a ceiling on wages. I could give you a blunt interpretation of what he said. I would not want to be unfair. I would be glad to have you read it in the record of the hearings, but when I asked him about that he virtually told us it could not be done. I submit to you that his answer was at least very indefinite. All of us recognize that wages are a considerable and important part of prices. There is no question about that.

Mr. GORE. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. In just a moment. If you control prices within a reasonable limit, you will take away any very meritorious basis for demands for increases in wages due to increased costs of living. On the other hand, if we permit wild inflationary prices, they may reach a point where the result would be to cut down the real wages of the wage earner. If that is desired, that is another matter and I do not speak of it because I have

not had such responsibility in connection with the various acts passed by Congress for the benefit of labor, but if what we have done is justified, we should not either by indirection or in any other way permit any such increase in prices as would mean a reduction in the minimum wage of the wage earner.

Mr. GIFFORD. Was not the gentleman amused today when the Rules Committee, or certain members of it, were speaking in dread of Mr. Henderson, not having confidence in him, and then offering a bill giving him power over wages? What would he do about wages? Did not the consistency of that argument amuse you? Yes; both proposals would put administration in the hands of Mr. Henderson.

Mr. STEAGALL. If you will permit me to say it, I think it is the duty of every Member of the Congress to approach legislation of this kind with a questioning mind, no matter who the man is who is charged with the administration of a law carrying the vast powers embodied in this bill. I have no quarrel with any Member, so long as he is fair about it, in approaching the legislation in a spirit of distrust, if you want to call it that. I think that is wise and proper from a legislative standpoint. But I am afraid that some of the statements that have been made about Mr. Henderson, as well as some of the statements about this bill, have been made in a spirit of partisanship due to the stress and strain and excitement incident to the troubles our Government has encountered recently and about which all of us feel very keenly, and, of course, about which all of us desire to take any proper action for the protection of the Government during this emergency.

Mr. COX. Will the gentleman yield further?

Mr. STEAGALL. I yield.

Mr. COX. When fundamentals are involved, as in the instant case, does not the gentleman think it is time for somebody to be partisan, sufficient to represent the public viewpoint? In other words, will not the gentleman agree with me that Mr. Henderson is the drag on your legislation? Is there not fear that he is tainted with alien ideology? In other words, that he belongs to a group that has been constantly undertaking to remake America? Now, let us be fair about that. Is it not true that Mr. Henderson has pleased, to a certain degree, the people with whom he has been dealing? We are to understand that he has had no real authority in law for doing anything, and it has been a sort of a case of the fly stepping into my pie?

Mr. STEAGALL. If the gentleman will permit me to resume, I think the gentleman has given indisputable evidence of the correctness of my interpretation of a moment or two ago about this situation. Let me say to my good friend from Georgia, who knows that I admire him and love him, if we are to accept what he says at full value, which I know we can as far as his sincerity goes, he has mighty little excuse left for opposing this bill.

Mr. COX. I am not opposing the legislation, but I am expressing fear and

urging that you not turn Henderson completely loose with the power you are putting into his hands. If you do it you will do something that you will regret the remainder of your life.

Mr. STEAGALL. I can understand the gentleman's viewpoint. I have no quarrel with him in approaching this legislation, as I suggested, in a spirit of distrust, because it confers unprecedented powers. But let me say to the gentleman, who occupies a key position in this House, who is one of the powerful men here, and properly so—he is my friend and neighbor and represents the same kind of people I do, and he is a great man and I am proud of him—but let me say to my friend there is not anything in this bill that will prevent this House or the Senate providing a different kind of machinery for the enforcement of the law and its administration; and the gentleman, as are only a half dozen other Members of this House, is in a position to help perfect this bill and cure the particular defect to which he refers, if it be regarded as a defect. Let me say to the gentleman that the gentleman from New York, Mr. Baruch, whose leadership we are asked to follow, but who does not happen to be a Member of this body, and who had only little opportunity to discuss this bill in an ex parte proceeding before your committee, told our committee over and over, as he told the gentleman's committee in different language, that Mr. Henderson was the man to administer this bill and that it ought to be in the hands of one administrator, and the authority not diffused and confused. Does the gentleman want to follow Mr. Baruch on that?

Mr. COX. If the gentleman will yield further; first, I am not insisting that you throw Mr. Henderson on the scrap heap entirely, that you put him out of the picture entirely. I am not willing that you compel him to dissociate himself with this group of "lefters" with which he has surrounded himself; but I am asking that you retain the power in the hands of this Congress to restrain him, and we know it is his natural impulse to reach out and establish a sort of dictatorship. But certainly you must agree that it is dangerous not to set up some sort of a court of review with the power to set aside any arbitrary regulation that he might make. What you have got in the bill is meaningless in that regard.

Mr. STEAGALL. Let me say to the gentleman that the Committee on Banking and Currency provided in this bill for the creation of Office of Price Administrator by act of Congress and fixed his salary and required that he be confirmed by the Senate. Now, this Congress would have control of his pay. I do not think you will have much trouble with an employee where you have control of his compensation. At least, that is one safeguard. We require the office to be established by act or Congress. We require the Administrator appointed to be confirmed by the Senate. We set up a plan for an advisory council to sit with him and to take part in the considerations that enter into the establishment of the price ceilings. As I said before, of course, the bill is open to amendment. But that

is only a detail. You spoke of fundamentals. That is not a fundamental. That is only one of the details of this problem about which we are troubled.

Mr. GIFFORD. Will the gentleman yield for a moment?

Mr. STEAGALL. I yield to the gentleman from Massachusetts.

Mr. GIFFORD. I want to say that the Committee on Banking and Currency thoroughly explored Mr. Henderson's fitness and his sanity.

If you read the records you will find that no other man, perhaps, had much more of a baptism than he had from us. Am I right?

Mr. STEAGALL. Quite right. But let me say this—I do not like to have to say it but it is just true: My feeling about Mr. Henderson, if he is to be the issue in connection with this matter so important to this Nation and the world, my attitude toward Mr. Henderson before I knew him was somewhat akin to that of the gentleman from Georgia. Mr. Henderson is a vigorous, two-fisted, combative, aggressive man.

Mr. COX. He has a dictator complex, has he not? Frankly?

Mr. STEAGALL. I do not think so.

Mr. COX. Frankly?

Mr. STEAGALL. I do not think so.

Mr. COX. Did not the gentleman say so before the Rules Committee?

Mr. STEAGALL. Who?

Mr. COX. That he had a dictator complex?

Mr. STEAGALL. That I did?

Mr. COX. Yes; did not the gentleman make that statement?

Mr. STEAGALL. I do not think I said that.

Mr. COX. Well, is not that so?

Mr. STEAGALL. I will say this, that whatever temperament he has in that direction might become a virtue instead of a vice in discharging the great powers and responsibilities carried in this bill. I may have said something like that, because I have thought somewhat like that.

Mr. HOOK. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Just a moment. Let me say this about Mr. Henderson: I had heard some of the rumors and whisperings around this Hall, and Mr. Henderson had had one little controversy with a Member of one branch of the Congress that gave me something of the impression that I referred to just now.

Mr. COX. The gentleman is referring to the gentleman from Texas, MARTIN DIES?

Mr. STEAGALL. No, I am not speaking about that instance, alone. If the gentleman will let me proceed I will yield to him later. So that I had something of the impression the gentleman seems to have. In other words, to be perfectly frank about it, I think I was prejudiced against Mr. Henderson if such you may call it. I think members of my committee can appreciate what I am saying. We discussed these things in executive session as well as in open hearings. We said what we believed, and I think we understood one another. But I want to say to my dear friend that I was forced to change my mind about Mr. Henderson, and I have not the slightest doubt in

the world that if the Committee on Rules had listened to him as did our committee they would have received the same favorable impressions. In this connection let me say first of all that I have heard rumors floating around this Capitol here a long time and listened to lots of people talk, some of whom did not waste time as is often done.

I do not know that I ever saw a man handle himself more satisfactorily or with a deeper, broader, or more complete grasp of his subject and of his responsibilities and his duties.

We listened to him day after day, week after week—

Mr. COX. And the gentleman has no fear—

Mr. STEAGALL. We listened to him discuss this matter in all its ramifications.

Mr. COX. Does the gentleman feel he is wise enough—

Mr. STEAGALL. Over and over again—let me finish, I am not quite through—and some references were made to him that were naturally disturbing because I had great respect for the source, as I have respect for all the Members of this House. So I asked him some questions. I did not tell him I was going to ask him, I did not call him into my office and say: "Here is something I want you to explain," or "I want you to talk about this or about that." I asked him about it without a word of warning from my committee seat, and I invite the attention of the membership of the House to the record at that point. He was a soldier in the World War. He served his country during the period and is a member of the American Legion—that organization of the boys who stood between us and the German fire in the first World War. And he belongs to the Methodist Church. His daddy was a Methodist preacher like my granddaddy, and he offered the records from the cemeteries of his native State to verify what he said about where that name was back there through the years for four generations on monuments in those cemeteries; and he came up the hard way in a small community in New Jersey. A thing that does not discredit him with me, and I know with many other Members here—and I do not mean anything partisan by this, but he belongs to the Democratic Party. That does not sadden me in the least. I could say the same thing, too, if he were a good Republican like my friend over here, the gentleman from Massachusetts [Mr. GIFFORD].

Mr. COX. Is the gentleman still talking about Mr. Henderson? If he is, I would like to ask one question. Irrespective of how great a soldier he may have been—

Mr. STEAGALL. I would like for the gentleman from Georgia to have heard what I said about his answer to my question.

Mr. COX. Yes.

Mr. STEAGALL. About these little whisperings around here and how he answered them. He told us about his family history and his name.

Mr. COX. We have all heard that rot.

Mr. STEAGALL. He is the son of a Methodist preacher.

Mr. COX. Yes; I know.

Mr. STEAGALL. Like my grandfather.

Mr. COX. Will the gentleman yield for a question?

Mr. STEAGALL. Wait a minute. Let me finish. I also said that he came up the hard way out of humble, adverse circumstances and fought his way up and educated himself. I say it would not impair his standing with me that he belongs to the same political party that the gentleman and I do. I repudiate any idea having to do with Mr. Henderson which might influence us adversely when we are called upon to consider legislation of this kind. In view of what has been said, however, I believe I am justified in wasting that much time on this particular matter.

Mr. COX. Does the gentleman think Mr. Henderson is good enough or wise enough to be entrusted with the unrestrained and unlimited power which you are putting into his hands, and does the gentleman believe that so strongly that he has no fear as to what may happen?

Mr. STEAGALL. In the first place, let me say I dissent from the idea that under this bill he is given this power without any restraint.

Mr. COX. What are the gentleman's limitations?

Mr. STEAGALL. I will tell you one limitation. It is the limitation that rests in the hands of and in the power of the Chief Executive of this Nation, the Commander in Chief of our Army and Navy, the man who holds the leadership of the civilized forces of mankind throughout the world, who has upon his hands the burden growing out of the present defense program and this emergency, and in whom the people of this country have entrusted that responsibility. We have those restraints upon him as well as the ones written into the law.

Mr. COX. What restraints is the gentleman imposing upon the man to whom he is delegating these unlimited and far-reaching powers?

Mr. STEAGALL. I have just undertaken to answer that question. I think I have done so. At least, I have devoted enough time to that. I think I have covered it.

Mr. HOOK. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Michigan.

Mr. HOOK. I am just wondering whether or not we are having this debate on a question of personality or principle, and whether or not the Rules Committee, as I get the idea here, has gone off on the question of personality instead of principle. I think we ought to debate this on the matter of principle and not personalities.

Mr. COX. I can understand the gentleman that personalities are not to be brought into it. I do not blame him. He has had experience.

Mr. HOOK. The same to you.

Mr. NICHOLS. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman.

Mr. NICHOLS. A sufficient answer to the inquiry of the gentleman from Michigan is the fact that the bill is here for the consideration of the House with or

without personalities, as the House chooses. This should be a sufficient answer to the gentleman from Michigan, insofar as the attitude of the Rules Committee is concerned.

Mr. STEAGALL. I am not finding fault with the Rules Committee or anybody else. I wanted to analyze this bill fully, but I am tired and I have talked so long that I am going to ask to extend my remarks, and I shall undertake to put an explanatory statement in the RECORD on the bill, so that it can be read tomorrow morning, thereby saving some of the time for other members of the committee. There are a great many things I would like to talk about, of course. May I say to the gentleman from Georgia and my other good friends that I deplore the developments that have taken place in connection with the defense program, about which the gentleman is disturbed, and properly so.

Mr. COX. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman.

Mr. COX. In view of the statement of the gentleman, he would do me a very great favor if he will strike all that I have said from his remarks when he hands them in.

Mr. STEAGALL. I did not catch the gentleman's statement.

Mr. COX. In view of the statement the gentleman has just made, he will please me very greatly if he will strike from his remarks all that I have said in the way of questions propounded to him during his appearance at this time.

Mr. STEAGALL. We will leave the RECORD as it is, inasmuch as we have taken all the time. Probably some of those things need to be said.

I was going to say that I deplore these developments as much as anybody. I would like to see something done. But when you go to consider the matter of wages in connection with this legislation—and it was considered by the Banking and Currency Committee and by those who testified, and it was considered by Mr. Baruch—we come back finally to the question of the right to strike. I do not know anybody here who says that we can compel one man to work for another in private endeavor. That is where the gentleman from New York came to in the discussion of wages. We could not enforce anything we attempted to do after you reach the point that the wage earner says, "This compensation is not enough to support my family, and I claim my right as a free American citizen to cease work."

That is the final problem that comes to us.

The CHAIRMAN. The gentleman from Alabama has consumed 1 hour.

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama [Mr. STEAGALL]?

There was no objection.

Mr. STEAGALL. Mr. Chairman, if we can impose a price control that is effective, we can to some extent remove the cause of strikes. I venture to predict now,

no matter what is done, because we are not going to take away the right of labor to strike, that unless some kind of price-stabilization legislation passes this Congress, before 6 months come around our difficulties growing out of strikes will be worse than they have been heretofore. I do not say this bill will cure the entire situation or remove all our fears in that connection, but it will cure some of the trouble. It will remove at least a part of any meritorious basis for a demand for an increase in wages, and to that extent we will have accomplished something in connection with strikes. I should like to say more about the two bills, particularly more about the provisions of this bill, but I am not going to ask the indulgence of the House further to do it.

If there has ever been a time of need for calm, deliberate thinking, when we should keep our feet on the ground, when we should restrain impulses that lead us away from the deliberation essential to best judgment, that time is now. I commend to this House the calm, the poise, and the patience of our great leader, the one upon whose shoulders rest greater responsibilities in this hour than rest upon any man in all the world.

I now come to the provisions of the bill itself. Section 1 states the purposes of the bill. This statement of purposes is referred to throughout the bill and provides a guide for administrative and judicial interpretation of the statute, provides standards for the exercise of the powers delegated by the bill, and indicates the constitutional grants of power upon which the bill is based.

The basic purpose of the bill is to promote the national defense and security in the current world crisis. In order to accomplish this major purpose it is essential to stabilize prices and rents so as to preserve the value of the currency; to protect interstate commerce from the interference and disturbances which would result from inflation; to prevent the dissipation of defense appropriations through continually rising prices; to advance national unity and morale by the elimination of hoarding, speculation, and similar practices, and by the protection of wage earners and persons of relatively fixed and limited incomes from undue impairment of their standard of living; and to prevent post-emergency deflation following upon emergency inflation.

We are now engaged in a tremendous effort to provide for the national defense by training and arming our own forces and providing arms for friendly nations. It is this armament program which is largely responsible for the increased demand and shortage in supply that is bringing tremendous upward pressure to bear upon our price structure and threatening us with inflation. Thus the danger of inflation is largely a result of our armament program. On the other hand, this same inflation, if not controlled, will seriously interfere with our armament program by dissipating defense appropriations through ever-increasing prices, by occasioning economic disturbances, by undermining civilian morale, and in many other ways. Therefore it is necessary to take decisive steps to prevent inflation in order that this entire program to pro-

vide for the national defense may go successfully forward.

Section 1 (b) of the bill provides that the powers conferred under the bill shall terminate on June 30, 1943, unless sooner terminated by act of Congress or by a declaration of the President that such powers are no longer necessary in the interest of the national defense and security.

Section 1 (c) of the bill makes the provisions of the bill applicable to the United States, its Territories and possessions, the District of Columbia, and the Philippine Islands.

Section 2 (a) authorizes the Price Administrator, whenever in his judgment the prices of one or more commodities have risen or threaten to rise to an extent inconsistent with the purposes of the bill, to establish maximum prices, referred to in the bill as ceilings which, in his judgment, will be generally fair and equitable and will effectuate the purposes of the bill. These are the basic standards set forth in the bill to guide the Price Administrator in establishing ceilings. In addition, the bill provides more specific guides. In establishing any ceiling the Administrator is directed, so far as is practicable, to ascertain and give due consideration to the prices prevailing for the commodities included under such ceiling on or about October 1, 1941. Such October 1 prices may have to be adjusted and the bill directs the Administrator to take account of such relevant factors as he deems to be of general applicability, including specifically speculative fluctuations, general increases or decreases in costs of production and transportation, and general increases or decreases in profits earned by sellers of the commodities during and subsequent to the year ended October 1, 1941.

Thus, the bill does not provide a universal or mathematical formula, but provides, in effect, that the Administrator may take as his point of departure the prices which buyers and sellers have worked out for themselves—in this case the prices prevailing on or about October 1, 1941. In determining whether to hold to that price or to change it the Administrator will give due consideration to the specified factors, among others, and will thus reach a price which will be generally fair and equitable and will effectuate the purposes of the act.

In specifying the factors to be considered by the Administrator the bill goes as far as possible to provide guides for the exercise of his discretion without limiting it so rigidly as to prevent effectuation of the basic purposes of the bill.

Section 2 (a) requires that every regulation or order establishing any ceiling shall be accompanied by a statement of the considerations involved in its issuance. This statement will afford those subject to a price ceiling an adequate opportunity to know the basis for its adoption and to formulate, in the form of protests, as provided in section 203 (b) of the bill, any objections which they may have to the price ceiling.

The term "commodity" as used in section 2 and throughout the bill is defined in section 302 (c) to include, in addition to commodities, articles, products, and

materials, services rendered, otherwise than as an employee, in connection with the processing, distribution, storage, installation, repair, or negotiation of purchases or sales, of a commodity, or in connection with the operation of any service establishment. In these instances the receipt of payment for the rendition of the services will constitute the sale of a commodity for a price.

The bill also provides explicitly in section 302 (c) that nothing in the act is to be construed to authorize the regulation of compensation paid by an employer to any of his employees, or the regulation of rates charged by any common carrier, or other public utility, which are usually subject to adequate control by State or other Federal agencies. In cases of conflict between State regulation of enterprise of a non-public-utility character and Federal regulation under this bill, the Federal regulation would, of course, prevail. The powers which the bill does grant to the Administrator are limited in two respects. In the case of agricultural commodities, the Administrator is given no power to establish ceilings below certain minimum ceilings described below. Similarly the powers of the Administrator are limited in the case of newspaper and other advertising. Newspapers and advertising agencies expressed fears to the committee that the powers in the bill on which the committee held hearings might be susceptible of use, or might operate, to curtail the advertising services rendered by newspapers, and thus interfere with accepted policy in relation to the press. Since newspapers are dependent on advertising, the committee deemed it wise also to limit the powers of the Administrator with respect to such normal business practices of newspapers and others.

Section 2 (c) of the bill provides for flexibility in the establishment of ceilings and authorizes classifications, differentiations, and adjustments which, in the judgment of the Administrator, are necessary or proper to effectuate the purposes of the bill.

It is impossible to specify all the different methods which may have to be employed in establishing price ceilings for particular commodities. Under the definition of "ceiling" in section 302 (g), ceilings may be formulated in terms of prices, rents, margins, commissions, fees, or other charges or allowances, or any combination thereof. Classifications and differentiations may be in terms of quantity, quality, or character of the use contemplated by the purchaser, or in terms of delivered prices on the one hand and f. o. b. prices on the other. Differentiations of this character, and many more that could be mentioned, are essential in formulating workable price schedules. In proper cases differentiation is also contemplated between high-cost producers on the one hand and other producers on the other hand.

MARKET AND LEASING PRACTICES

Section 2 (d) gives the Administrator power to control speculative or manipulative practices, including practices relating to changes of form or quality, or hoarding, in connection with any commodity, which, in the judgment of the Administrator, are equivalent to or are likely to result in price increases incon-

sistent with the purposes of the act. This power to regulate practices which are equivalent to concealed price increases or are likely to result in price increases is necessary if price control is to be effective.

Section 2 (d) confers authority upon the Administrator to regulate or prohibit any speculative or manipulative practices or renting or leasing practices, including practices relating to recovery of the possession, in connection with any defense area housing accommodations which, in his judgment, are equivalent to or are likely to result in rent increases inconsistent with the purposes of the bill.

Section 2 (e) of the bill authorizes the Administrator to buy, store, use, or sell, without competitive bidding, at public or private sale, any commodity produced in the United States by marginal or high-cost producers whenever he deems it necessary to obtain the production of such producers in order to effectuate the purposes of the bill. This authority is necessary in order to assure to the defense program the benefit of high-cost production without requiring the Administrator to establish a price ceiling for an entire industry which is entirely unjustified by the average costs of the industry. It is contemplated that the sale of these commodities by the Administrator will in many instances be at a price lower than the purchase price, if this subsection is to operate effectively.

Section 2 (f) of the bill limits the authority of the Administrator to exercise the powers conferred by section 2 in any manner inconsistent with the agricultural provisions of the bill in section 3.

Section 2 (g) limits the authority of the Administrator to compel changes in established business practices or cost practices, means, or aids to distribution—such as advertising—in any industry, except to the extent that such action is necessary to prevent evasion or circumvention of any ceiling under the bill.

Section 2 (h) gives authority to the Administrator to include in regulations or orders issued under section 2, such provisions as he deems necessary to prevent circumvention or evasion of such regulations or orders.

Section 2 (b) of the bill contains the principal substantive provisions regarding rents. The section contemplates designation by the Administrator of geographical defense-rental areas, including the District of Columbia and other areas where defense activities have resulted or threaten to result in increased rents for housing accommodations—section 302 (d). In these areas maximum rents may be established.

The term "housing accommodations" is defined in section 302 (f) to include any property rented for living or dwelling purposes, together with the privileges and services connected with the use of the property, such as the furnishing of heat and light, and so forth.

Before establishing maximum rents the Administrator must first issue declarations with respect to defense-rental areas in which he will set forth reasons why rent control therein is necessary. The declaration will also contain his recommendations as to the manner and method for the stabilization or reduction

of the rent currently prevailing in such areas. The State and locality concerned are given a period of 60 days within which to accomplish the recommended stabilization or reduction. Opportunity is thus given State or local authorities to effectuate rent control by regulation or voluntary cooperation or other methods. If local action proves ineffective within the 60-day period, the administrator is directed to establish rent ceilings to accomplish effective rent control.

Furthermore, the Administrator is directed to consider suggestions and recommendations which may be made by State or local officials who are concerned with housing or rental conditions in the area. The Administrator, so far as practicable, will consider these recommendations and suggestions in designating defense-rental areas, in formulating rent ceilings, and in selecting persons to administer such ceilings locally.

In establishing rent ceilings for defense-area housing accommodations, the Administrator is directed to ascertain and consider, so far as practicable, the rent prevailing for the accommodations or comparable accommodations on or about April 1, 1940. This base date was selected mainly because there exists extensive rent data gathered by the Census Bureau as of this date. As a practical matter, however, because this date is so much farther back than the October 1 date provided for prices, there will not be a similar degree of maintenance of the level of that date. The date will serve as a starting point from which to consider the current rent level. The Administrator is also directed to consider such increases or decreases in property taxes and other costs occurring during and subsequent to the year ending on April 1, 1940, as are of general applicability with respect to housing accommodations within the defense-rental area involved. The Administrator may also consider other relevant factors of general applicability, one of which might properly be changes in the amount and rate of vacancies during the period since April 1, 1940.

In furtherance of effective administration and to prevent the intimidation of tenants, section 4 (a) expressly prohibits the bringing of an eviction proceeding initiated by the landlord because a tenant has taken action or intends to act to avail himself of the protection of the statute or any administrative regulation or order issued under it.

Because of the special legislation applicable to the prices of agricultural commodities, section 3 of the bill makes special provision for and limits the powers of the Administrator with respect to such commodities. It is provided that no ceiling may be established for any agricultural commodity below—

First. The market price equivalent to 110 percent of the parity price or comparable price for the commodity as determined and published by the Secretary of Agriculture, or;

Second. The market price prevailing for such commodity on October 1, 1941, or;

Third. The average price for such commodity during the period from July 1, 1919, to June 30, 1929.

In addition to the parity prices which the Secretary of Agriculture determines under existing law, the Secretary is directed to determine and publish "comparable prices" for those commodities (other than the specified basic commodities) the price for which is, because of changes in the production and consumption of such commodity since the base period, out of line with parity prices for the basic commodities. Subsections (c) and (d) insure that the powers granted to the Administrator by the bill, or other powers granted under existing law, will not be so exercised as to vitiate the policy expressed in this section.

Section 4 (a) of the bill makes unlawful violations of, or attempts, solicitations, or agreements to violate, any regulations or orders of the Administrator issued under the provisions of section 2, prescribing ceilings or regulating speculative or manipulative practices, hoarding, or renting or leasing practices, and violations of, or attempts, solicitations, or agreements to violate, any regulations, orders, or requirements of the Administrator issued under the provisions of section 202 (a) in connection with the obtaining of information necessary in the performance of his duties under the bill.

Section 4 (b) protects tenants in the assertion of the rights conferred upon them by the bill by making it unlawful for any person to remove from any defense area housing accommodations, the tenant, or occupant, or to refuse to renew the lease or rental agreement because of action taken by the tenant in asserting such rights.

Protection is also afforded by section 4 (c) to those persons required to disclose information to the Administrator by making it unlawful for any officer or employee of the Government, or any adviser or consultant to the Administrator in his official capacity, to disclose or to use for his personal benefit any information obtained under the bill. Further provision for confidential treatment of such information is found in section 202 (b).

Section 4 (d) specifically preserves the right of persons to refuse to sell any commodity or to offer any accommodations for rent.

The penalty for violation of any of the provisions of this section or for making any false statement in any document required to be kept or filed under the provisions of any regulation, order, or requirement issued under the provisions of the bill is prescribed in section 205 (b).

Section 201 (a) of the bill creates and vests the administration of the bill in an Office of Price Control headed by an Administrator who is to be appointed by the President and confirmed by the Senate. The Administrator is to receive a salary of \$10,000 per annum.

Section 201 (b) authorizes the Administrator to hire such employees, establish and utilize regional, local, or other agencies, and to accept such voluntary and uncompensated services as he deems necessary; and he may carry out his functions through such employees and agencies, by delegating any of the powers given him in the bill.

All employees are to be employed pursuant to the civil-service laws and com-

pensated in accordance with the Classification Act of 1923, as amended, and no political test or qualification is to be permitted or given consideration.

The Administrator may appoint his own attorneys to represent him in court.

Section 201 (c) provides that the principal office of the Administrator shall be in the District of Columbia, and authorizes the Administrator to make such expenditures as he may deem necessary for the administration and enforcement of the bill as conferred by section 201 (d).

Section 201 (e) gives to the Administrator the authority to prescribe such regulations as he deems necessary or proper to carry out the purposes and provisions of the bill. Any regulation or order issued under the bill is to be issued after such inquiry as the Administrator deems proper.

Section 201 (f) provides that so far as practicable the Administrator shall advise and consult with representative members of the industry which will be subject to a proposed ceiling, prior to the establishment of such ceiling.

Once a ceiling is established, this subsection requires the Administrator, at the request of any substantial portion of the industry subject to the ceiling, to appoint an industry advisory committee or committees. The committee may be national, or regional, or both, but is to be truly representative of the industry or of the industry in a particular region, as the case may be. The committee is to select a chairman from among its members and may meet at the call of the chairman. The Administrator, from time to time, is to advise and consult with the committee, at its request, with regard to ceilings established for such industry. The committee may make such recommendations to the Administrator as it deems advisable.

OBTAINING INFORMATION

Section 202 (a) provides the Administrator with the information gathering powers necessary both for collection of the economic data on which intelligent judgments may be formulated as to proper ceiling and other regulations, and for the enforcement of such regulations.

The procedure governing the preparation and issuance of substantive regulations and orders prescribing ceilings or regulating practices has necessarily been adapted to the nature of the powers granted, which involves a broad delegation of legislative power, to the fact that such regulations will apply to large numbers of persons, and to practical considerations, such as the necessity for immediate action to check rapidly rising prices and the importance of avoiding speculative disturbances of the market pending the determination of a price ceiling. These considerations may frequently render the holding of formal hearings inadvisable.

An opportunity for interested parties to participate in the formulation of regulations and orders and to voice any objections thereto is afforded, however, through the medium of the Industry Advisory Committees provided in section 201 of the bill, and in such other manner as the administrator may deem feasible.

Section 203 (a) affords persons subject to any provision of a regulation or order

issued under section 2, an opportunity to protest to the administrator against such regulation or order, in a manner consistent with the controlling need for expeditious determinations. Protests must be filed within 60 days after the issuance of the regulation or order to which objection is made. The protest may be accompanied by affidavits or other written evidence in support of such objections. If grounds for protest arise subsequent to such 60-day period a protest based on such grounds may be filed after such period. Statements in support of the regulation may be received by the Administrator and incorporated in the transcript of the proceedings on protest, in accordance with regulations prescribed by the Administrator.

Within a reasonable time, in any event not more than 30 days, after filing of the protest or 90 days after the issuance of the regulation or order, whichever is later, the administrator must either grant or deny the protest in whole or in part, notice it for hearing, or provide an opportunity to present further evidence in connection therewith.

Section 203 (a) assures persons of the right to object to regulations governing them and to have their objections considered. Even when the number of persons concerned makes individual oral hearings on protest impossible, the right to file written protests makes certain that the administrator will be informed of the economic situation and will reconsider and change regulations which require modification.

In the administration of the provisions of the bill and in making any decision on any protest the Administrator is authorized under section 203 (b) to take official notice of economic and other facts, including facts found by him as a result of action taken under section 202. Hearings on any protest may be held if the Administrator so directs, but, under this subsection, any proceeding under the act may be limited to the filing of affidavits, or other written evidence, and the filing of briefs.

Section 204 provides for the judicial review of the regulations and orders issued by the Administrator under section 2 of the act. In keeping with the emergency character of such regulations and orders and to expedite determination of the validity of such regulations or orders without overburdening the regular courts and judges, exclusive jurisdiction to consider and determine the validity of any such regulation or order is vested in an emergency court of appeals, created under section 204 (c) of the bill, and upon review of judgments or orders of such emergency court, in the Supreme Court of the United States. Under section 204 (c), the emergency court of appeals is to be composed of three or more judges to be designated by the Chief Justice of the United States from judges of the United States district courts and circuit courts of appeal, one of whom he is to designate as chief judge of the emergency court of appeals. Additional judges may be designated from time to time by the Chief Justice. The chief judge of the emergency court may, from time to time, divide the court into divisions of three or more members and any such division may

render judgment as the judgment of the court. By authorizing the emergency court to sit in divisions, it is contemplated that protestants will be able to secure a hearing before the court at or near their residence or place of business.

The emergency court of appeals is given exclusive jurisdiction to affirm or set aside, in whole or in part, any regulation or order under section 2 or to remand the proceedings, and all the powers of a district court are conferred upon the court with respect to this jurisdiction, except the power to stay the effectiveness of any regulation or order establishing a ceiling.

In order to expedite the determination of cases before the emergency court of appeals the court is given power to adopt special rules of procedure in matters coming before it. The court is, therefore, to have a seal, hold sessions at such places as it may specify and appoint a clerk and such other employees as it deems necessary.

Any protestant subject to the prohibitions of a regulation or order issued under section 2 and who is aggrieved by the denial or partial denial of his protest, may file a complaint in the emergency court of appeals, specifying his objections and praying that the regulation or order protested be set aside in whole or in part. A copy of the complaint must then be served on the Administrator, who is to certify and file with the court a transcript of the proceedings—including the hearing, if any, affidavits, statements in support of the regulation, briefs, and other evidence—in connection with his consideration of the protest. The transcript will also contain a statement of the economic and other facts of which the Administrator has taken official notice.

In making its decision the court may consider only objections set forth in the protest and evidence contained in the transcript. However, upon application made to it by either party for leave to introduce additional evidence which was either offered to the Administrator and not admitted, or which could not reasonably have been offered to the Administrator, the court must, if it deems such evidence material, order such evidence to be received by the Administrator. Thereupon the Administrator must promptly receive such additional evidence and certify and file with the court a transcript thereof and any modification made in the regulation or order as a result thereof. On the request of the Administrator, however, such additional evidence may be presented directly to the court.

Section 204 (b) prescribes the standards to be followed by the emergency court of appeals in determining the validity of regulations or orders issued under section 2. It provides that such regulations or orders may be set aside only if the complainant establishes to the satisfaction of the court that the regulation or order is not in accordance with law, or is arbitrary or capricious. These standards are the traditional standards for the judicial review of legislation and legislative regulations.

Within 30 days after entry of a judgment or order, interlocutory or final, by the Emergency Court of Appeals, a peti-

tion for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon such judgment or order is subject to review by the Supreme Court in the same manner as a judgment of a circuit court of appeals. The effectiveness of a judgment of the Emergency Court of Appeals setting aside in whole or in part any regulation or order of the Administrator under section 2 is postponed until the expiration of the 30-day period allowed for the filing of such petition, or, if such petition is filed, until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the case by the Supreme Court. This latter provision insures that a ceiling or other regulation or order of the Administrator under section 2 will remain in effect during the period of judicial review until final decision.

In order to assure that there will be the speediest possible final determination of the validity of regulations or orders of the Administrator issued under section 2, section 204 (4) also provides that the Supreme Court shall expedite disposition of all cases filed thereunder.

Exclusive jurisdiction is granted to the Emergency Court of Appeals—and on review of judgments or orders of the Emergency Court of Appeals to the Supreme Court of the United States—to determine the validity of regulations and orders under section 2 and the validity of the provisions of the bill authorizing such regulations and orders. Accordingly section 204 (d) expressly provides that except as provided in this section no court, Federal, State, or Territorial, is to have jurisdiction or power to consider such validity, or to stay, restrain, enjoin, or set aside, in whole or in part, any such provision, or any provision of any such regulation or order, or to restrain or enjoin the enforcement of any such provision.

ENFORCEMENT

Section 205 provides two different means of enforcement, in order that sanctions appropriate to the nature of any specific violation may be applied in the interests of effective enforcement.

Subsection (a) of section 205 enables the Administrator, whenever in his judgment any person either has violated or is about to violate section 4—which contains all the prohibitions—to apply to an appropriate court for an order enjoining such violations or an order enforcing compliance. Subsection (c) gives the district courts, concurrently with the State and Territorial courts, jurisdiction of all proceedings under this subsection.

Subsection (b) of section 205 provides criminal penalties for the willful violation of any provision of section 4 and for the willful making of a statement or entry false in any material respect in any document or report required to be kept under authority of the statute. Whenever the Administrator believes that any person is liable to punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, initiate appropriate proceedings.

Subsection (c) of section 205 makes appropriate provisions for jurisdiction, venue, and service of process in suits

arising under the act, other than those in the Emergency Court of Appeals. All criminal prosecutions are to be brought in the district courts of the United States, while civil proceedings under the statute may be brought in either the Federal district courts or in State or Territorial courts. Criminal proceedings may be brought only in the district in which any act or transaction constituting a violation occurred. Civil proceedings may be brought in the district in which any act or transaction constituting a violation occurred or in the district in which the defendant resides or transacts business. No costs are to be assessed against the Administrator or the Government.

Subsection (d) of section 205 provides that no person shall be held liable for damages or for penalties for anything done or omitted to be done in good faith pursuant to any provision of the act or any regulation, order, or requirement thereunder, or under any regulation or order of the Administrator of the Office of Price Administration or of the Administrator of the Office of Price Administration and Civilian Supply, irrespective of whether or not such provision, regulation, order, or requirement may subsequently have been modified, rescinded, or held invalid. In order to protect the public interest in all litigation affecting the price-control program, this subsection also provides that the Administrator may intervene in any suit or action wherein a party relies for ground of relief or defense upon the act or any regulation, order, or requirement thereunder.

Section 206 makes unenforceable certain contracts and contract provisions inconsistent with, or conflicting with, or providing means of evasion of, price ceilings established under the provisions of the bill or established by the Administrator of the Office of Price Administration and Civilian Supply.

Section 301 requires the Administrator to file a quarterly report of operations under the act. In this way the Congress and the public can be kept fully and currently informed of the course and success of the price-control program.

The important definitions have already been referred to in the analysis of the major substantive provisions of the bill.

MISCELLANEOUS

Section 303 contains the usual separability clause, section 304 provides an authorization for appropriations, and section 305 contains the short title: The Emergency Price Control Act of 1941.

Mr. WOLCOTT. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, finally we have brought out for consideration a bill intended to help control inflation. I am not surprised that there should be so much confusion in the Committee on Rules, in the House, and in the committee thus far in respect to this bill. It has a very definite purpose.

The Committee on Banking and Currency have, as you know, had no end of trouble in creating a framework upon which they expect you, the Committee of the Whole, to build a suitable and adequate structure. I say this because I do not know of any two members of the committee who at the present moment

agree on all features of this bill. It is hoped that the House will listen as tolerantly to the debate as the committee listened with tolerance if not complete understanding during the 4 months of hearings.

If we did nothing more than to crystallize the necessity for some price-control legislation, our efforts were perhaps not altogether in vain. It was with this thought that many of us voted to report this present bill out of the Committee on Banking and Currency, with the hope that with this as a foundation, and perhaps as a guide, this legislation might be perfected in several particulars so as to accomplish its apparent purpose. In its present form it will accomplish its purpose only too well.

We have before us two very fundamental questions. I wish that the committee throughout the debate and the reading of the bill will have at least the first of these constantly in mind.

The first question was whether the administration is as much concerned with control of prices as with the control of business and industry. That in itself, you will agree, was quite a problem. The committee were in accord that the bill as introduced perhaps indicated that too much power would have been delegated, if we have the power to delegate it, to the administrative branch of the Government. The bill as introduced embarrassed the committee in its orderly consideration of price-control legislation. We could have done, I believe, a much better job had we had before us only the President's message urging price control.

The bill which was sent down to us to consider was so far-reaching as to place the economic destiny of every individual in the United States under the dominance and control of the President, because he was the only administrator mentioned in the bill. It would have authorized the licensing of not only every business but every business transaction which dealt with any commodity over which a price ceiling had been placed.

The bill did and it still does authorize such far-reaching snooping on the part of the Administration as to compel those industries and businesses involved to divert their attention from production to gathering information for the Administrator.

In several other instances the bill was objectionable from the standpoint of delegation of such power to the Administration that we would virtually have created an economic and social czar.

I believe under those circumstances, having in mind that it was thought advisable to perpetuate the American form of Government, it is a good thing the Committee on Banking and Currency did take a great deal of time in the consideration of this bill. After all, it was the committee members who were individually inconvenienced as well as the general public, who were perhaps suffering from price increases while we were deliberating, but we must first ask ourselves this question:

Were the price increases during the time in which the Committee on Banking and Currency were functioning on

this bill as potentially destructive of the American way of life as the bill which had been introduced would have been if we had yielded to the pressure for expeditious action, minus judgment, and reported out to you the bill to which I have referred?

Up to this morning there was not a political vote cast in the committee. The Committee on Banking and Currency as a rule is rather a partisan committee. Frequently we divide along partisan lines. In the consideration of this particular bill, however, during the months we had it before us, there was probably as little partisanship shown as on any bill which has ever been considered by any legislative committee of Congress. I believe the committee should be complimented upon its ability to report out any bill under those circumstances.

The majority of the committee felt the need for price control and were willing to subordinate their own thoughts, their own theories, their own philosophies on this question, in the hope that the Committee of the Whole and the House collectively might do fully as good a job, at least, as they had done in getting together even on the reporting out of some bill.

This bill is peculiarly obnoxious in several particulars. Before I go any further, in order that there may not be any question in anybody's mind as to where I personally stand on it, if my personal opinion is worth anything, may I say that I shall oppose the bill with all the strength which I have unless several safeguards are written into the bill which do not now exist in it, safeguards to protect the American people against the creation of an economic and social czar. That presents a fundamental question.

At the present time there is no restriction, there is little or no limitation on the power of the Administrator when he is once appointed to control business and industry and control agriculture within the limitations of existing law and the new formulas written into the bill by the committee.

The action of the committee this morning indicates that perhaps there was some justification for the fear of many of us that the administration was more concerned with control of business than it was with control of prices as an adjunct to any activity in preventing inflationary rises and inflation. The committee met this morning and agreed to undo what they had done in committee a couple of weeks ago and to write back into the bill the provisions which authorize the administrator to license all business which has to do with the sale and distribution of any article upon which a ceiling has been put.

Now, there is more misunderstanding, perhaps, in respect of that than there is in respect of the other features of the bill. I listened to my favorite radio commentator the other night, and he said that the administration was very anxious to have the licensing provisions of this bill written back in and he made the statement, apparently on his own responsibility, that without the licensing provision in this bill there was no way to enforce these ceilings.

Now, if an outstanding radio commentator, as brilliant a man as this particular one is, and, as I say, he is my favorite, will make that kind of mistake, it is only natural to expect a great deal of confusion in the mind of the average individual in respect of this particular bill or any other measure. Perhaps it is not anything but what we might expect to find in the minds of all Members of the Congress. If I may, in the time which is allotted to me, clear up or help to clear up some of this confusion, I will feel the time I have spent down here in the Well of the House is pretty well spent.

This presents the most important subject which in my opinion has been presented to this Congress for the last 8 years. All of the other questions, economic questions, social questions, which have been presented to us for consideration and enactment, have been relatively inconsequential and unimportant as compared with this particular bill.

Mr. PATMAN. Mr. Chairman, will the gentleman yield for a question?

Mr. WOLCOTT. I would prefer not, but I will gladly yield to the gentleman.

Mr. PATMAN. Does not the gentleman believe that the bill relating to priorities and allocations is of equal importance with this bill?

Mr. WOLCOTT. I will get to that and I will cover it later on.

Because this is the third element in a control picture which grants the power to socialize America. Now, public sentiment can, and does to some extent, influence priorities and allocations, but priorities, allocations, and price control taken collectively contain the administrative power actually to control the economic and social destiny of all of our people. And I might say parenthetically in that respect something that has been on my mind a long time. Did it ever occur to you that the Congress of the United States is the most impotent today it ever has been in the history of this Nation? What is there for us to legislate upon except to give the President more power? Who dares to suggest that any of the powers which are creating the conditions which make necessary price-control legislation will be amended? What chance would any of the Members on our side or those Members on the Democratic side who believe as I do have with any bill which they might introduce at the present time to recoup any of the powers, no matter how remote they might be from our defense program?

Do you want to control inflation? That is what you have this bill before you here for. Do you sincerely, honestly, want to grant the authority to control inflation? Then may I suggest that if you do, you must recoup much of the power you have already delegated to the Chief Executive; and, my friends, you have not the parliamentary courage to do it.

Would you vote to relieve the pressure on prices by removing the causes of extremely large and unjustified excess reserves in the banks? Would you vote to take from the President the power to devalue the gold content of the dollar? You did not within the last 5 months, and yet at that time there was the same

threat of inflation that exists at the present moment. Will you vote to remove this constant threat of inflation incident to the monetization of silver? You did not do it when the matter was presented to you.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I am sorry, I cannot.

Mr. WHITE. Mr. Chairman—

Mr. HINSHAW. Regular order, Mr. Chairman.

The CHAIRMAN (Mr. BULWINKLE). The gentleman declines to yield.

Mr. WOLCOTT. The monetization of silver is one of the most important factors in inflation we ever had before us, and we had it before us within the last 4 months and you refused to stop the monetization of silver.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. WOLCOTT. Mr. Chairman, I yield myself 20 minutes more. Another element of inflation, which is perhaps as inflationary as devaluation of the gold content of the dollar, or monetization of silver, is the use of direct obligations of the Federal Government as security for Federal Reserve notes. Would you, if you were given an opportunity to do so, vote today to take from the Federal Reserve the power to use direct obligations of the Federal Government to secure Federal Reserve notes?—and there is no closer affiliation between any two subjects than there is between inflation and the national debt. Three months ago you had an opportunity to stop inflation, or attempt to stop inflation, by removing the causes for the excess reserves in banks today which are a constant pressure against any ceiling which you will put on any prices. Has anything been done about it? I have said, and I have said repeatedly, that if the leaders of this House or this administration would bring in a bill to remove the causes of inflation, then I am sure that 80 percent of the Members of the House would be glad to vote for the bill at this particular time; but no, because with gold inflation goes power, and with the monetization of silver goes power, and with all of these other things goes power, and the President is not willing to relinquish any of this power. If he is willing to go along, he will find a cooperative Congress. What can we do to save the President's face if he does not want to give up these powers?

A suggestion which is not germane to the bill, according to parliamentary interpretation, but which would have been germane to the bill had it been written in by the committee, was offered by me in committee and defeated, indicating that the committee itself is willing to go along with the administration in the perpetuation of those powers that he has instead of writing an anti-inflation bill. I offered a simple resolution in the committee to stabilize gold and silver and Government bonds as currency and credit basis. That would have saved his face. He would still have the power to buy and to devalue and to monetize, and he would still have the power to issue all of the Government bonds he wants to sell and the power to use the Government

bonds as security for the Federal Reserve notes; but he would then have the discretion and the responsibility of not using any more gold or silver or any more Government bonds than are actually necessary to meet our monetary and credit needs.

You know we stopped an inflation in 1937. The administration stopped an inflation in October 1937. Did you ever give that any consideration? We stopped it through orthodox methods, the same kind of methods I am suggesting now be used to syphon off pressure against prices. Why am I talking this way? Because it is generally agreed by all of the economists, by Mr. Henderson himself in his statements in the hearings, that price control alone will not stop inflation, and unless we have adequate credit control to implement price control we will still have inflation. So all the talk about this being a panacea, a cure-all for inflation is belied by the statements of those in whom I have a great deal of confidence.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. Yes.

Mr. CRAWFORD. I think the record should also show that while in 1936-37 the administration by proper method did arrest inflation, that the price level at the present time is not as high as it was at that time. I think the record will also show in the hearings that the Secretary of the Treasury, Mr. Morgenthau, the Chairman of the Board of Governors of the Federal Reserve, Mr. Eccles, Mr. Henderson, and Mr. Baruch were all given the opportunity to recommend to the committee that such orthodox steps be taken, and all declined to do so and preferred to go on with this licensing and business control.

Mr. WOLCOTT. They all agreed that that was absolutely necessary in order to control inflation.

Mr. CRAWFORD. And I think the gentleman will recall that the Federal Reserve made certain recommendations along the line the gentleman suggested at that time and the Treasury and the Federal Reserve officials were in violent disagreement.

Mr. WOLCOTT. In January 1940 and in 1941 the Federal Reserve Board made definite recommendation that certain steps must be taken to stop inflation. Unfortunately the recommendations have not been followed or, so far as I know, no consideration has been given to them by the proponents of price-control legislation.

Now, I have said that I would oppose any measure which created an economic czar. That can be cured. I did not hesitate to vote to report this bill out, because I felt the committee would be fair to all of us who will make suggestions to perfect this measure. What is wrong with splitting up this power a little? Why should it not be distributed? In that respect I hold no brief for Mr. Henderson, but I do not believe there is a single individual in the United States with the physical and mental capacity to control the economic and social destiny of 132,000,000 people, and we should hesitate to create the spectacle of any man

trying to do so. No matter how much confidence he has in himself, we should protect him against any effort which will inevitably lead to the socialization of America and perhaps the ruination of our entire national economy.

This bill goes much further than saying that we shall not sell pins or beans over and above a certain price. It carries with it as it is now written control over the economic and social destinies of all of our people. And there is no review. I want you to listen to this very attentively. I would like the gentleman from Texas, chairman of the Committee on the Judiciary, to listen to this statement and then read the bill with it in mind. There is no review in this bill of any equality or injustice incident to the placing of a price ceiling.

Mr. WALTER. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. WALTER. May I point out one thing further: While under the bill a court is set up for the purpose of hearing an appeal, the scope of the review is so limited that the appeal means nothing. The appeal can be from a decision which is not in accordance with the law.

Mr. WOLCOTT. Arbitrary or capricious.

Mr. WALTER. And under the Consolidated-Edison case that means that if there is any evidence at all, more than a mere scintilla, the court cannot disturb the decision of the Administrator.

Mr. WOLCOTT. I am glad for the gentleman's contribution. I was going to comment upon the fact that if the emergency court of appeals or the Supreme Court, after it has passed the gantlet of the emergency court of appeals, finds that there was authorization for placing a ceiling, they have to affirm the judgment of the Administrator in that respect. There is not any question of the court's finding substantial evidence. The substantial-evidence rule does not apply, because the law says that unless the court finds it was not in accordance with the law or arbitrary or capricious, all of which mean the same thing, it cannot disturb the ceiling. Do you wonder why some of us have insisted that we go to some extreme in the consideration of such far-reaching legislation as that? How could we cure that? How can we cure it? Very simply, I believe. By the establishment of a price-control administration with an administrator named by the President and confirmed by the Senate, with an administrative board of review, made up of any number of people that we want to suggest—I suggest five—to which expeditious appeals may be made, with the authority to amend, modify, or completely set aside the ceilings in case this board finds them to be inequitable or injurious to the operation of any particular business. Unlike the emergency court of appeals which cannot do anything but say whether or not the fixing of the ceiling is in accordance with the law, this board of review can subdivide itself into as many committees as it sees fit, and under an amendment which I will offer, can employ masters and com-

missioners and lawyers and any other personnel which is necessary to effectuate the purpose of the amendment; to sit in any place in the United States where it wants to sit and hear these questions; with authority to act, so that an aggrieved person in San Francisco or down in Texas or anywhere else in the United States, in order to effectually have the question decided whether the administrator had the right to set a ceiling, need not come to Washington, or wherever this emergency court of appeals happens to be sitting at that time, to have his case heard.

Now, this has two purposes and objectives. The administrative board of review, with authority to amend or modify or set aside a price ceiling will first make the Administrator a little more cautious before he sets a ceiling, and it will invite correction of the mistakes which he might make. It is democratic and not dictatorial. It is a republican democracy functioning as it was intended to function, instead of democracy functioning as a dictatorship.

I do not know that I followed up the thought that I expressed a while ago that there was much confusion with respect to the enforcement features of this law and that licensing is not to be essential to the enforcement of the ceilings. I called attention to the fact that this outstanding radio commentator made an incorrect statement in that respect, undoubtedly because of the confusion in his mind. There are enforcement provisions in this law other than licensing. Now, what are they? If you violate any of these ceilings you would find out what they were. You could be fined \$5,000 or sent to the Federal penitentiary for 2 years. The Administrator also could go into the district court in the locality in which the violator lives and get an order to show cause why an injunction should not issue restraining him from proceeding to do business in violation of the order or regulation established by the Administrator. Now, what more sanction have you to almost any law which we set up here? Is it necessary for the Administrator to enforce this law, to license every little four-corner store to sell every article which it might have on the shelves?

That is what is contemplated in the licensing provision, Mr. Chairman, not a license for a store to do a dry-goods business, but for every dry-goods store to sell pins, needles, a spool of thread or a yard of cloth, if a ceiling had been placed on those articles, because they enforce this by taking away the merchant's license, after a hearing, to sell the particular commodity that he has been charged with selling which is a violation of the order or regulation in respect to that particular product. So, in order to make the licensing effectual, every concern must have a separate license for every commodity it sells for which a ceiling has been established.

Mr. WOODRUFF of Michigan. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. WOODRUFF of Michigan. Can the gentleman tell the committee whether or not, regardless of how assiduously

they may seek throughout the length and breadth of this land, they can find enough people merely to issue the licenses?

Mr. WOLCOTT. I do not know, because they say in the amendment here that upon a violation or reported violation they shall have a hearing. If the Administrator finds there has been a violation, then he can follow through and take the license away. I would rather have a decree of court determining that question upon an order to show cause why an injunction should not issue than I would on a partial, ex parte hearing before the fellow who sets the ceiling in the first place.

Mr. WOODRUFF of Michigan. I am wondering if the gentleman got the full purport of my question.

Mr. WOLCOTT. Yes; I did.

Mr. WOODRUFF of Michigan. I had reference, of course, to the difficulty which would be experienced in finding a sufficient number of people simply to issue the licenses to every little store in this country.

Mr. WOLCOTT. We can conjecture, if the gentleman please, that it will take thousands of them based upon the number of people it takes at the present time to supervise even the sales tax in those States which have sales taxes.

Mr. WOODRUFF of Michigan. That is the point I had in mind.

Mr. WOLCOTT. That would be multiplied a hundred times.

Mr. PATMAN. Mr. Chairman, will the gentleman yield for a question on that part of the discussion?

Mr. WOLCOTT. If the gentleman will permit, I will yield later.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. AUGUST H. ANDRESEN. For several months in the name of national defense Mr. Henderson, under an Executive order, has been fixing prices on hides, wool, steel, copper, and many other things. If the President already has the authority to fix prices and ceilings on prices, why the need for this legislation at the present time?

Mr. WOLCOTT. He has not the authority to fix ceilings on prices on any commodities.

Mr. AUGUST H. ANDRESEN. They have been doing it.

Mr. WOLCOTT. They have been doing it, and they have been doing it effectively because there is a wholehearted desire upon the part of the people to cooperate to stop inflation.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield myself 10 additional minutes.

The sanction behind these proposals is public sentiment. This law cannot be enforced without a favorable public sentiment; and he has been successful because the people are cooperating to prevent inflation, but what this bill gives him is power to enforce the ceilings.

Mr. AUGUST H. ANDRESEN. Does the particular demand for this legislation come for the reason that there has been some slight advance in agricultural commodities prices?

Mr. WOLCOTT. I would not want to say it was because of that alone, but most of the pressure for price-control legislation has been by those who have commented upon the rise in agricultural prices.

Mr. AUGUST H. ANDRESEN. The gentleman would say, then, that would be the primary reason for this type of legislation?

Mr. WOLCOTT. Up to the present moment I would say yes, with the exception that if we continue our spending program all prices may rise wholly out of proportion to the rise in agricultural prices.

Mr. AUGUST H. ANDRESEN. The gentleman knows that we have an abundance of most of the agricultural products, both in food and fiber; in fact, in most lines we have a 2-year supply. The farmer is not getting any tremendous share of this increased cost to consumers. It seems to me the increase is going mostly to those who handle it after it gets out of the farmer's hands.

Mr. WOLCOTT. Now, if I may comment briefly on that question—

Mr. PATMAN. Mr. Chairman, will the gentleman yield on that line?

Mr. WOLCOTT. In just a moment, if the gentleman will permit.

What is inflation? I shall place a definition of inflation in the Record at this time. The gentleman from Minnesota says there are ample food and fiber stocks in the United States to meet any reasonable demand. We might therefore expect if that is the case—and it is the case—Congress might therefore expect that there is not any justified rise in prices of agricultural commodities. The following is the best definition of inflation which I have been able to find:

Inflation is defined as an increase in purchasing power at a faster rate than the production of goods. Inflation results from a too-rapid expansion of circulating media of exchange, currency, or credit in proportion to the needs and services being produced for sale and consumption.

It follows that anything which narrows the differential between available purchasing power and available consumer goods will retard inflation. If it were not for priorities and allocations we would be able to expand the production of our stocks of nondefense materials for which there is a demand to effectuate the purpose of this act just as effectively as we attempt to decrease purchasing power by putting a ceiling on income and profits and farm profits and controlling profits by taxation. To expand production of demand goods would accomplish the same purpose. So before we go too far in this thing let us find out if all of the allocations are justified. There is a committee of Congress, as I understand it, which is working on this question. Would we not have a terrible disillusioned and chagrined Congress if we woke up some morning and found that the need for price-control legislation was occasioned by the mistakes made by O. P. M., the Army, and Navy Departments?

Mr. YOUNGDAHL. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. YOUNGDAHL. In connection with the appeal provision in the present bill, is it the gentleman's understanding that while this appeal is taking place the ceiling that has been set by the Administrator remains in effect?

Mr. WOLCOTT. Most definitely. The law specifically states that.

Mr. YOUNGDAHL. Therefore, if the Administrator desired to ask for a delay in the hearing on the appeal and that delay might take place two or three times, the damage to business would be done during the delay in hearing the appeal, is that correct?

Mr. WOLCOTT. Yes. The bill specifically states that during the time the review is being had before the emergency court of appeals or before the Supreme Court, the ceiling on prices shall remain as set by the Administrator. I can see very plainly where, if the emergency court of appeals gave an opinion that the Administrator had no authority to set a ceiling, the Attorney General, acting on behalf of the Price Administrator, could take that case to the Supreme Court by certiorari or otherwise, and he might take several hundred and thousands of cases up to the Supreme Court, perhaps for the purpose of so encumbering the Court as to compel a situation where that price would remain in force, and, although the act says the emergency court of appeals and the Supreme Court will give expeditious consideration to the matter, how is the Supreme Court of the United States, and how is the emergency court of appeals going to expedite consideration of perhaps hundreds and thousands of cases? I may say in this respect that the so-called Gore bill, in my opinion, would invite a multitude of lawsuits or hearings on the equity of a ceiling which was placed, but we will meet that question when the matter is presented in the form of amendment.

Mr. DONDERO. Will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Michigan.

Mr. DONDERO. I have been trying to reconcile in my mind the necessity for placing a ceiling on farm products and at the same time having the Government pay about \$1,000,000,000 a year in Government subsidies on farm products. Does the gentleman wish to discuss that?

Mr. WOLCOTT. I would not care to discuss that. I am not an expert on anything, and surely I am not an expert on agricultural legislation. I have read a great many agricultural bills, I have listened to a great deal of agricultural debate on this floor, and I am frank to admit that most agricultural bills are not as understandable to me as the average tax bill.

Mr. TREADWAY. Will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Massachusetts.

Mr. TREADWAY. The gentleman in the opening part of his excellent speech referred to the fact he would oppose the present bill and would be prepared to offer numerous amendments. Would the gentleman care at this time to give us some idea of what those amendments will consist of?

Mr. WOLCOTT. I have covered them generally, but I can put them in one, two, three order. I expect to oppose this bill if the following proposals are not substantially enacted: First, decentralization of power by creation of an administrative board of review. Second, if the committee amendment which will put back in the bill the licensing provisions stricken out of the bill on my motion in committee prevails I shall feel justified in opposing the bill on the ground that they do not need this tremendous power, and further, it will convince me they are more interested in the acquisition of power to control business than they are to control prices.

Mr. AUGUST H. ANDRESEN. Does the gentleman oppose the licensing power?

Mr. WOLCOTT. Yes; I definitely oppose that. Third, I do not think the Administrator is going to need the power which is given him under this bill to snoop into every business in the United States in order to determine business costs and business practices for the purpose of getting information for the Government to establish competing enterprises. I have been told of one instance where the Price Administrator has asked for certain reports from a relatively small concern. They have paid hundred of dollars already to a firm of certified public accountants. The reports which have already been submitted to them necessitated turning their whole office force over to cooperate with the certified public accountants. The reports are about 2 inches thick, about a yard long, and about 2 feet wide.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield myself 10 additional minutes.

Mr. Chairman, I do not think that power is necessary. I do not believe it is necessary to give blanket power to buy and sell commodities for the purpose of taking care of a few marginal cases ostensibly for the purpose of increased protection by subsidizing high-cost producers. We are told that the purpose of the buying and selling provision in the bill is to take care of a situation like the following. The Administrator might set a price of 10 cents on hydraulically mined copper. Hand-mined copper might have to get price of 14 cents in order to exist. It is essential that they produce all the copper they can produce. What they want to do with that is perfectly all right. They want the authority to buy copper from the high-cost producer at 14 cents and sell it to the consumers at the ceiling price of 10 cents, which will be a subsidy of 4 cents a pound. But the bill provides such a wide and far-reaching power as to authorize them to go into the general market and buy and sell almost any kind of commodity without too many limitations in order to effectuate a price ceiling, which I believe is contrary to all precepts of how the Government should function in protecting private enterprise.

In making the following statement I am speaking now only with respect to the particular bill under discussion, and I am going to make a statement which I know is going to be very unpopular with many

of you until you have studied the question. I do not know as I would vote against a bill which put a reasonable ceiling on wages to prevent inflationary raises, but I do not think it is necessary to put a ceiling on wages in this bill to effectively control prices. I have convinced myself of that not from the testimony alone but from my contact with economists, in connection with my study of the question independently of the hearings, and in conversations with experts and others. There is a human problem involved. Perhaps you are hard-boiled enough to meet it; perhaps I lack the courage to enact it into law; that is, I hope the Congress of the United States never will by fiat, never will by the fiat of Congress, if other ways can be found of performing the same job, determine that a man's employment and the sweat of his brow is a commodity to be bought and sold like so many potatoes, beans, coal, and steel. It is something very repulsive to me to say to a man, that regardless of anything else, "You are a commodity; your services are so many bags of potatoes; your services are so many pounds of steel."

Mr. Chairman, if the President of the United States, that much vaunted friend and leader of labor, cannot by his counsel and his example, and by the commissions and boards which have already been established, control this labor situation and these wage questions without the resultant damaging strikes, how do you expect a relatively minor official—the Price Administrator—to do it?

My observation is that the machinery already exists for the control of wages; but if that control does not exist, then at least the machinery is there. Having in mind that this is not a labor-reform bill or a farm-reform bill but only—and only—a price-control bill, then we had better meet this labor situation and this wage situation by amendments to existing legislation, and meet the farm situation by amendments to existing farm legislation, instead of setting up new yardsticks and new formulas under a bill which has solely for its purpose the control of prices.

In considering this legislation we must take into consideration that legislation has already been enacted having to do with farm prices and wage disputes; that formulas had already been created by which his prices and his wages could be determined and controlled without having to enact, by the fiat of this Congress, the fact that the wage earner was merely so much steel and potatoes. I reiterate that this is a price-control bill and not a labor-reform bill. I hope this Congress, if it finds it essential in its judgment to control wages and control farm prices, will do so in an orderly manner by amending existing machinery.

As I started to say, it was my purpose that this particular bill in its enactment should interfere as little as possible with the orderly operation of any existing machinery for the control of farm prices, wages, and credit. This bill is to implement the orthodox methods by which we control costs of production. It should not be our purpose to establish new yardsticks and new formulas by which we will,

perhaps unconsciously and unknowingly, repeal or amend in effect much of the agricultural, labor, and social legislation which we have enacted.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Illinois.

Mr. MASON. The gentleman states that he is opposed to establishing by fiat a limit over wages because that places the workman and his efforts in the same category as commodities. Does the gentleman not agree that when you establish prices on farm products, wheat, potatoes, or anything else—and they are the result of the sweat and labor of the farmer—you are doing identically the same thing?

Mr. WOLCOTT. I quite agree with the gentleman.

Mr. MASON. Then the gentleman is opposed to both these things?

Mr. WOLCOTT. Absolutely, because otherwise you would not be consistent; you cannot blow both hot and cold, you cannot put a ceiling on wages without putting a ceiling on farm products, and you cannot put a ceiling on farm products without putting a ceiling on wages. I reiterate that I believe the machinery exists and is pretty well oiled for the control of both farm commodities and labor costs.

Mr. ROBERTSON of Virginia. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Virginia.

Mr. ROBERTSON of Virginia. As the ranking minority member of this committee—

Mr. WOLCOTT. Perhaps because of the statements I have just made I am now considered by some the rankest.

Mr. ROBERTSON of Virginia. Having studied this problem for 4 months, I am sure my colleague has a well-defined view as to whether or not we should at this time have any price-control legislation. I have followed the gentleman's remarks very closely and have been interested in much that he has said, but I have yet to hear him say whether or not he favors legislation on price control at this time.

Mr. WOLCOTT. Perhaps the gentleman did not hear me say that the reason I voted to report this bill out of the committee was that I had the hope that we could get some price-control legislation, because I thought it very essential that we enact some price-control legislation.

The CHAIRMAN. The gentleman from Michigan has consumed 1 hour.

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Massachusetts.

Mr. HEALEY. Before the gentleman concludes his remarks, I take this occasion to compliment him on his clear and cogent explanation of a very difficult and complex bill.

May I ask the gentleman if he does not believe that if we included a ceiling on wages we would have set up a czar who would control practically the breathing and the living of every person in this country?

Mr. WOLCOTT. If we do that, we have written into the law a most peculiar incongruity because we state that the right of the laborer to strike shall not be denied, and at the same time setting a ceiling on his wages so that regardless of whether or not his wages are out of line with the cost of living he cannot effectually strike as a means of enforcing collective bargaining to correct the inequality. In other words, we say to him, "You can strike, but you cannot strike for the purpose of enforcing new wage standards in keeping with an increase in the cost of living."

Mr. STEFAN. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Nebraska.

Mr. STEFAN. In colloquy with the gentleman from Illinois the gentleman from Michigan, who has given a wonderful explanation of this bill, indicated that he is not in favor of any provision in this bill having to do with placing a ceiling on wages, neither is he in favor of a ceiling on farm prices. In the gentleman's discussion he mentioned something about the cost of production. Does not the gentleman agree that there is nothing in this bill that would protect the farmer, who is actually a laborer, and guarantee him actual cost of production on his farm products?

Mr. WOLCOTT. I may say to the gentleman that we have written into this bill three formulas. The first, the 110 percent of parity, was designed to protect the advantages which the farmer has under A. A. A. The second sets a floor as of October 1, 1941. I do not know what the standard for that is. I do not know what the standard is for the average of prices between 1919 and 1929.

If I were to go as far as to say that this standard should not be any less than the prices of the average of 1919 to 1929 or the price as of October 1, 1941, if I wanted to put the farmer on the same basis as it is proposed by two or three bills before this House to place business while restricting its profits, then I would say that no ceiling should be placed on any farm commodity which would be below the cost of production to the farmer.

He has got just as much right to have that protection as has any of these other interests which are now denouncing the agricultural provisions of this bill to have protection. I voted against the 1919-29 provision because I was told by those in authority that the 110 percent of parity was sufficient, and, if it is sufficient, that is all that should be in the bill.

Mr. STEFAN. If I may go a little further on that, if the gentleman means what he said, then he believes the farmer should be placed on a parity so far as cost of production is concerned with the laboring man and with industry. Is there anything here that puts him on such parity with industry and labor so far as cost of production is concerned?

Mr. WOLCOTT. Yes; I think the farmer has a protection in this bill which no other class of people have.

Mr. STEFAN. Does the gentleman think he is on a par with industry and labor, so far as cost of production is concerned?

Mr. WOLCOTT. If he is not on a par with labor and industry in this bill, then it is because of the failure of existing legislation passed by the Congress to put him on that basis. We have established 85 percent of parity to put the farmer on a more equitable basis. The Banking and Currency Committee has said that no ceiling would be put on which was less than 110 percent of parity in order to give him a floor and to prevent the administration of this act in such manner as to deny him the benefits of any existing legislation, and that was my point. We should not set up any new standards and we should protect the legislation already enacted; it should not be indirectly amended or repealed.

Mr. STEFAN. The gentleman agrees with all of us that the farmer should be on a par with industry and labor and is entitled to cost of production?

Mr. WOLCOTT. Yes, and I would go a little further and say that if he got a little more than parity I would be in favor of that. He should at least have cost of production.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. BARRY. Will the gentleman tell us what differentiation he makes between farm commodities and industrial commodities? Are there not wage earners on farms just as there are wage earners in industrial establishments? Is it not a fact that there are wage earners on farms just as there are wage earners in the factories?

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from New York.

Mr. REED of New York. The gentleman is a very good lawyer and, of course, is familiar with this bill. I am wondering if he can tell me whether he thinks there is any provision in this bill that would rise to the dignity of standard, as we usually think of that term, that would guide the administrator?

Mr. WOLCOTT. The only standard in this bill is the finding of the administrator that a particular ceiling is necessary to prevent inflation.

Mr. REED of New York. And that is about as arbitrary as anything could be.

Mr. WOLCOTT. That is the only standard in the bill.

Mr. WILLIAMS. Mr. Chairman, I yield 30 minutes to the gentleman from Tennessee [Mr. GORE].

Mr. GORE. Mr. Chairman, it is a source of genuine disappointment that I, for the second time in 3 years, find myself

in direct disagreement with the majority of the great committee on which I have the privilege of serving, and it is a great committee, headed by a great chairman and made up of a strong membership, our colleagues of the House.

There is no disagreement as to objectives. I think we are all in agreement as to that. The disagreement is rather upon the methods of achieving those objectives and upon, perhaps, the degree of seriousness of our situation.

Perhaps I consider the danger of inflation as more serious than members of the committee and, perhaps, more serious than many Members of the House. If I could feel that the worst we could expect from the impending danger of inflation was a repetition of the disastrous cycle of run-away prices and depression which we experienced during and after the World War, then I could approach this great and momentous question more dispassionately and with less alarm.

After a diligent study of the problem, however, day and night, for nigh on to 4 months, I find no grounds for such complacency and no excuse for timidity. The impending danger of inflation grows out and stems out of our unprecedented efforts for national defense. Reportedly the Government plans to spend \$50,000,000,000 for war production next year. This, mind you, is approximately three times what we are spending this year for war production. What will this do to our economy? Will it be doubled again in 1943? How long are we to be engaged in this tremendous spending program? I do not know. Only the Master in the heavens knows. I submit to you, though, without attempting to predict the duration of the war, that all signs, as plain as guideposts, point to a long period, perhaps several years, of war economy. We cannot afford to take it for granted that we can come out of another run-away inflation with nothing more serious than a depression. Quite to the contrary, the volume, the intensity, and the apparent duration of our spending program, indicates more severe consequences than we suffered following the other war, which came perilously near—perhaps nearer than we know—to wrecking democracy in the early years of this decade.

We have committed ourselves to this program of national defense, and to this program of aiding the victims of aggression, because we believe that this spreading war of aggression and enslavement threatens the freedom of mankind everywhere. Democracy is challenged, challenged by the words and the acts of the totalitarian dictators and the democracies must find a way to mobilize their strength within the framework of existing free institutions to meet the challenge else the democracies themselves will eventually be driven to totalitarian methods. The history of the failure of democracies in this century is replete with inadequate measures to meet extraordinary situations, and unless the legislative branch of the Government acts with courage and with unselfishness in the national interest, we may, while trying to preserve democracy elsewhere, dem-

onstrate its inefficacy during an emergency.

Our national-defense program must be our foremost concern. We have no right to make it secondary to anything else, let alone to our own puny political interests. We as two great political parties have no right in this hour of emergency to give any color of partisanship to the consideration of so vital a question. And, Mr. Chairman, this is no piddling issue. It may mean the lives of thousands of American boys. It may mean the difference between victory and defeat for the democratic peoples of the world. It is a vital part of the mobilization of our strength, and I for one think that it is high time that the people of the country, the Congress and the President ask just what is this job which we have undertaken, and resolve that from now on to make an all-out approach to all the problems of national defense. Therefore we must measure the usefulness and the efficacy of these two proposals by their contribution to the effective mobilization of our national strength.

A drastic rise in the cost of living creates unrest and undermines the morale of the people. A drastic rise in the cost of living leads to strikes for higher wages in order that the workman who sees his real wage diminishing day by day, the workman who sees that he can buy less shelter, fewer clothes, and less wholesome food for his family, may maintain his standard of living. It leads to suffering and deprivation on the part of people who are not in the position to strike—the poor people of the country. It undermines the civilian population on the one hand except those who through speculation, profiteering, and the use of force on the bottleneck of production gain their selfish end. This in turn undermines the morale of the boys in uniform at a paltry sum per month, who believe that the cause, for which they are called upon to make so great a sacrifice, should not be used by so many others for selfish gain.

Up to a certain point rising prices increase production. We all admit that. Theoretically, that point is reached when we approach full utilization of our productive facilities. Actually we reach it before then. After that, rising prices hamper the full utilization and mobilization of our strength. When we approach full utilization of our existing facilities, we can get additional war production through only two means: One, the conversion of more civilian industry to war production; and, two, the building of more facilities and tools. Rising prices hamper both. The civilian producer resists the conversion if he can stay in the inflationary field of civilian production, and why? Because there he can make more money, and there he can better preserve his position in post-war civilian commerce. Therefore, we see that it is necessary to control prices if we are to attain with any degree of certainty and efficiency the needs of national defense. Drastic controls are necessary.

Now, I come to the controversy presented by the two proposals before this body. As the body has been told several times, there are two schools of thought as to how inflation and price control may

be effectuated and as to how it should be done. The substitute proposal which I propose will be at each of your offices tomorrow morning. I have made some revision in order to meet the rule of germaneness. I will send immediately upon printing early tomorrow a copy to each office. That proposal embodies the over-all approach. The committee bill undertakes to control prices by the application of ceilings on a selective basis, with certain limitations and restrictions.

I make the following statement after considerable thought. I believe the committee bill is more inflationary than deflationary in character. I do not believe I should make that statement without explaining that the committee bill would allow the Administrator to exercise certain restraining influences on rising prices in a limited field, but, on the other hand, there are three reasons, which I entertain as valid reasons, why I consider it more inflationary than deflationary.

Mr. BOGGS. Mr. Chairman, will the gentleman yield?

Mr. GORE. I would like to go ahead, but, of course, I will yield to my colleague on the committee.

Mr. BOGGS. Does the gentleman believe that any price-control legislation, whether it be over-all or selective, can control inflation without other measures?

Mr. GORE. I am very glad the gentleman asked the question. I think that effective price control is our principal weapon, but accompanying that must be taxation, must be credit control, must be fiscal and monetary policy.

The Government has already moved, commendably, I believe, and effectively, in the field of curtailment of credit by two steps, the restriction of installment buying and the raising of bank-reserve requirements.

I believed and I still believe that profit limitation has a definite part in this program. I regret that it is not in order to offer that provision, but before you use that as an excuse for voting against the over-all approach to the problem, just remember these things:

First. You may and probably will soon have a chance to vote for as drastic tax and profit legislation as you will desire.

Second. The excess-profits tax is already in operation. I think it is too weak. I think it should be greatly strengthened.

Third. The President has already requested the Ways and Means Committee to consider re-amending our whole tax structure, and there have been reports in the papers that that great committee was withholding consideration until the House had finished with price control.

Fourth. Whenever you control the price you can in some cases, at least, control the profit. So lest you vote against the over-all approach to this great problem, contemplate those steps. I, for one, readily admit that the great Ways and Means Committee is better qualified to consider that problem than one individual Member, although I think it might well have been in this one bill just as further credit restrictions might have been, if necessary; and just as it might have been well for monetary policy legislation to be here if the administration had indicated that their scope of author-

ity was not now broad enough to cover the problem. Does that answer the gentleman's question?

Mr. BOGGS. Yes. Thank you.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. GORE. I yield.

Mr. BARRY. I do not think the gentleman's bill is an over-all bill as the Baruch plan proposes. Under section 206 do you not say in effect to the Administrator, "I have frozen all prices as of a certain date, but you have the power to remove the ceiling on everything, including labor," so that the net result will be what you wanted in the beginning, namely, the selective price.

Mr. GORE. I am glad the gentleman asked the question. He is entirely in error, but if he would permit me I would like to proceed and get to that in the orderly way, and I will be very glad to reply to that.

Before replying to the interrogation of the gentleman from Louisiana [Mr. Boggs] I had just begun to give three reasons why I consider the committee bill more inflationary than deflationary in character. First, it invites and encourages prices to rise to the restricted levels written into the bill. Second, it encourages, augments, and manufactures the inflationary psychology.

We all know that one of the principal causes of inflation is psychological. People get into their heads that prices are going to be higher next month or 3 months from now and that all things are going to be scarce, and they start buying perhaps more than they need. They start hoarding it. When you do it on a selective basis, every time the Administrator announces a price ceiling he advertises to the Nation that we are in a period of spiraling prices. Yes, more than that; every time he puts a ceiling on a commodity he encourages people not only to seek that commodity, but to buy substitutes. Therefore, the piecemeal approach contemplated in the committee bill encourages, augments, and manufactures the inflationary psychology, which is one of the causes of price rises.

Third, the selective method encourages speculation. We all know that the speculator, the hoarder, the market manipulator is also one of the prime causes of inflation.

What happens? The Administrator announces through the press that he has placed a ceiling upon that commodity or that study is being given to the placing of a ceiling on a certain commodity, let us say cotton yarn. What happens? The speculators know that the pressure will be transferred to substitute materials, so they go into the market and start buying up and hoarding and cornering wool yarn, rayon yarn, and other allied materials, if any. They, therefore, become scarcer and scarcer, and the price goes up and up so the Administrator has to reach out and clamp a ceiling on them. That is the heart and the essence of the piecemeal approach.

Let me say to you that one of the principal differences in the over-all application of ceilings and in the piecemeal method is that by the piecemeal method you nowhere call a halt to rising

prices except those few that you touch and it just cannot operate.

The gentleman from Texas [Mr. PATMAN] has suggested that there were 1,800,000 commodities, there being 30,000 in the Sears, Roebuck catalog. Does not that illustrate the utter futility of trying to control the general price level by placing a ceiling on a few? Mr. Henderson said that he had in mind controlling 75 or 100. That would be like trying to keep grass from growing on a Western ranch by sitting down on the high places. It just will not work. The experience of this country and of every other country which has tried the selective method shows that when a ceiling is placed upon one commodity price rises occur all over the lot on allied and kindred materials and substitute commodities.

Yes, Mr. Chairman, we must have drastic controls if the plan is to work. Otherwise the Administrator would sit down on a price here, a price there, and a price over yonder, and grab at a dozen as they go over the hill. He would be not unlike a flea on a hot stove jumping about trying to catch this one, and that one, and this one. All the time the general price level would be going up. Now, there is proof of that. We have had price control in this country on certain selected commodities for several months. During the 4-week period in which Congress was recently in recess Mr. Henderson told us he was able actually to lower the price level of the basic commodities on which he had placed ceilings. But what happened to the general price level, which makes up the cost of living, during that same period? He told us that it increased 2 percent, the greatest increase of any similar period since the war began.

We tried this selective method in World War No. 1. In 1917 the War Industries Board imposed ceilings on selected basic commodities, and from 1917 to 1918 the price level of those commodities, selected and controlled, was actually lowered, but what happened to the general price level during this same period? It went out the ceiling, that is what happened.

Great Britain and France tried the selective method during World War No. 1. It failed both nations. Great Britain has tried it in this war. Again it has proved a failure. Their cost of living, according to the best estimates I can get, has risen from 43 to 44 percent. Canada has tried it in this war. Canada has already discarded it and adopted the over-all system. If we are to be effective we must place a general ceiling over the price structure of this country.

The bill which I propose would place a ceiling on the price of all commodities where they are this week. The Administrator would be given authority to make adjustments up or down in order to relieve hardship cases. Now I am coming to the question which the gentleman from New York [Mr. BARRY] propounded. He asked if the two bills were not similar. This question was also propounded by the gentleman from Texas [Mr. PATMAN]. The two bills are as different as day and night. The committee bill places no ceiling on any price anywhere. It gives to the Administrator authority to place ceilings on any commodity at any

time at whatever level he chooses, with certain restrictions which I hope to explain in a few minutes. The bill which I propose, the over-all bill, places, not by administrative decree but by legislative enactment of Congress, a ceiling on all commodity prices at the levels at which they are selling this week, provided that in the case of an agricultural commodity no ceiling shall be applicable on those commodities selling at a price below parity until they reach parity.

[Here the gavel fell.]

Mr. CRAWFORD. Mr. Chairman, I yield 10 additional minutes to the gentleman from Tennessee.

Mr. GORE. There is, in the section to which the gentleman refers, an escape valve to make exemptions. There is another section which grants to the Administrator discretionary authority to make adjustments up or down in order to relieve hardship cases. This criticism which is embodied in the interrogation of the gentleman from New York was leveled in the committee. All of us, of course, would like to come to the floor with a bill which could not be criticized. I do not propose that this is a perfect measure. I do, however, say that this point is a virtue rather than a fault of the legislation. In order to relieve the bill of that criticism I would not bring it in here with it removed, because I think it is necessary in order that it be administratively feasible. We cannot have an inflexible bill of so great a scope as this. It must not be too rigid if it is to be administered. Let me read that section which gives to the Administrator the right to make exemptions in certain cases:

SEC. 206. The Administrator may, by regulation or order, exempt from sections 202, 203, 204, and 205, articles, services, labor, and dwelling accommodations with respect to which he makes a finding of fact that:

1. Such exemption is necessary to promote the national defense.

Does anybody find fault with that?

2. It is unnecessary that a ceiling be applicable to such articles, services, labor, or dwelling accommodations in order to preserve the Nation's price structure and to prevent a rise in the cost of living.

Now, if an article, commodity, service, or wage meets those conditions, then it should be exempted. That was put into the act in order to take care of inconsequential items, such as toothpicks. That was put into the act in order to relieve some urgent situation that might develop when it was necessary to exempt from the ceiling in order to accomplish the purposes of national defense. I do not think the gentleman is at all correct when he says that that gives authority for the Administrator to exempt everything. Not at all. He must read the language of the proposal.

Mr. BARRY. Of course, the gentleman has read a different section than was in the bill. He must have changed it. Nevertheless, under the gentleman's own language as substituted now, does it not give him the power on everything he decides is under those two qualifications and changes that are essential to national defense? Can he not exempt everything?

Mr. GORE. The gentleman, by his question, assumes that the Administrator, regardless of these provisions, irrespective of the intent of Congress, totally disdainful of the organic law would, upon his own motion and by his own opinion and action, exempt everything. If I believed that I would not vote for any bill granting authority, much less for price control. If I believed the Administrator was going to take that attitude I would not vote to place anything in his hands.

Mr. BARRY. I take the position that the Administrator starts out with the conviction that only certain selective prices are necessary. The gentleman says other ceilings are necessary, so he will wind up by having the prices he thinks are necessary.

Mr. GORE. The gentleman is incorrect if he is referring to Mr. Henderson, because Mr. Henderson has taken no such position with respect to commodities or wages. Quite to the contrary, he has said it was necessary that we have wage stabilization if we are to prevent rising prices; and he said by the selective method he did not hope to prevent rises in prices but only to control the rises.

The gentleman from Texas said that the Administrator could by one order put everything under the ceiling. Well, he cannot do that because every ceiling must be accompanied by a statement of fact, with a finding of fact, and he does not contemplate an over-all. But let me ask, if the gentleman from Texas is right that the Administrator can and will place an over-all ceiling by administrative decree, why in the name of Heaven does he oppose doing it by legislative action? I believe in a Government by law instead of a Government by men.

I want to go to other provisions of the act now. I would like to speak before my time expires about how the two bills would apply to some of the major economic segments of our society. First, I would like to take agriculture.

The committee bill, in my opinion, to all practical purposes excludes agriculture from the application of ceilings. In the case of some commodities that probably would not be true, but in the main, to all practical purposes, agriculture is excluded. Is that to the best interest of agriculture? I hope none of you will come to the conclusion that I have no farmers, no miners, no laborers, no businessmen in my district. I represent a great people just like you do, who are interested in the economic structure of this Nation.

To the farmer inflation is much like intoxication. It is exhilarating in its development, but fraught with headaches and heartaches in its recession. The price structure of this Nation is vital to the farmers' welfare and to the economic welfare of the Nation. During the other war we had inflation which raised our price structure high.

What happened after the war? In the main, the price structure upon many of the commodities that the farmer had to buy remained high, but the farmer fell first and farthest.

Mr. VOORHIS of California. Will the gentleman yield?

Mr. GORE. I yield to the gentleman.

Mr. VOORHIS of California. Does not the gentleman agree that one of the main reasons for the collapse of farm prices at that time was a terrifically and artificially brought about restriction of credit on the part of the Federal Reserve Board? Was it not a monetary influence that knocked the bottom out of those farm prices?

Mr. GORE. There is considerable to what the gentleman says. The underlying fault, I may say to the gentleman from California, was that they had reached an inflationary peak which could not be supported by a normal economy. That failed and they were the first hit and the hardest hit. We have fast lost our world markets. Another inflation would again raise the price structure and again the tendency would be for the durable goods and for the wages of large organized groups to remain high. But the farmer enjoys no such tendency.

[Here the gavel fell.]

Mr. WILLIAMS. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. WOLCOTT. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. GORE. I thank both gentlemen. I regret to have to ask for more time, but this is a vital subject, and after 4 months of day and night study it appears that we ought to have a full discussion of the proposition.

Mr. HINSHAW. It seems to me that as each one of the proponents of the other bill took an hour the gentleman from Tennessee should also have an hour for his discussion and that he should be yielded that time by the gentlemen who have control of the time.

Mr. GORE. The time is in control of these gentlemen and they have been very charitable.

Mr. WOLCOTT. What would the gentleman feel is sufficient time to present his question? We have all afternoon. I do not see any reason why the gentleman's time should be restricted. He can have all the time he wants.

Mr. GORE. I thank the gentleman very much. I will proceed and I will look to the gentleman for more time.

Mr. GIFFORD. Will the gentleman yield?

Mr. GORE. I yield to the gentleman from Massachusetts.

Mr. GIFFORD. I do not like the suggestion of the gentleman from Texas. The questioning is the interesting part to us.

Mr. GORE. I will be glad to yield, I may say, to the gentleman.

Mr. GIFFORD. All the others have yielded for questions at all times.

Mr. GORE. So shall I.

Mr. GIFFORD. Now will the gentleman yield to me?

Mr. GORE. I shall be delighted to yield to my distinguished colleague.

Mr. GIFFORD. I want to remind the gentleman of a statement he made this afternoon that was very devastating in favor of his remarks, about the rancher sitting down on the high places. I want him to think it over about putting out the fire on the high places when it gets out of control. We want to put out the

fire on the high places, but the gentleman wants to burn the whole ranch up.

Mr. GORE. That is exactly what the selective method would do; it would hit the fire at the high places and splash it all over the ranch and burn the whole ranch up.

Mr. GIFFORD. I thought that is what the gentleman wanted to do—burn the ranch.

Mr. GORE. I beg the gentleman's pardon, what I want to do is put a ceiling over the fire, across the board, and quench it.

Mr. GIFFORD. I have one more question about getting time. Are there others on the committee here who want time to speak in support of the gentleman's side?

Mr. GORE. May I proceed? That is not a question on 'the bill.

Mr. GIFFORD. It is unfair?

Mr. GORE. Not unfair, just not pertinent to the bill.

Mr. GIFFORD. I want the gentleman to have all the time he wants for the discussion of his bill.

Mr. GORE. I thank the gentleman. He is very courteous and charitable.

Now to get back to the agricultural provision. There is another section of the bill which directs the Administrator to use his power of adjustment in a manner which will support prices to the farmer and give him average year-round parity.

I ask you if you did not go through the last inflation. I live in a little community which suffered the failure of six of its seven banks within a 10-mile radius. My people, my neighbors, my kinsfolks were plunged into the abyss of desperation and despair. I hope that we can provide better leadership than to allow a repetition of that. Just because some people want to gain some selfish advantage we should not welch from our duty.

I believe the American farmer is willing to have restrictions imposed upon him, and I am willing to impose them on him, if we impose them likewise upon other segments of our population.

The gentleman from Michigan said that he thought it was a terrible thing, which tore his heartstrings, to say to a laboring man that he was worth only so many bags of potatoes. I think it is, too. It goes against every sentiment of my heart. But if it is for the national interest, I am willing to say that to him, when I know that his real wage will buy more bags of potatoes now than it will 3 months from now unless we do apply restrictions. I am willing to do that if we also say to the farmer that he shall get only so much for the same bags of potatoes. I think it is very fortunate, from my point of view, that the gentleman from Michigan used that analogy. It fits both cases.

Is it in the interest of the farmer to allow his prices and the whole price structure of the Nation to go into an inflationary spiral? I can think of nothing more detrimental to the fundamentals of his welfare. The all-important thing to the farmer in a price-control bill is not how high we place his ceiling level, not by a long shot; rather, it is that the ceilings apply to all major

segments of our economy, to the end that the farmer will not finally suffer more disparity than is now his unhappy lot.

I turn now to the application of ceilings on wages. There has been a lot of talk about freezing wages. There is no freezing in the substitute proposal which I make. It applies a ceiling to the amount of pay which the employer of eight or more persons is paying for the performance of a specific job this week. It does not apply a ceiling upon an individual worker, not at all. He can transfer from a mechanical job to a bookkeeper's job and then get the ceiling price for the bookkeeper's job. He may move from Tennessee to New York and work for another employer who has a higher ceiling for a specific job. The ceiling applies upon the compensation which an employer pays for the performance of a specific function.

Some folks say, "Well, you have General Motors, with thousands and thousands of employees." The administration of the act would be comparatively easier to administer on that employer than it would be on some smaller employer, because there you have classifications just as much as you have in the civil service, with classification of the functions performed, the jobs done. If the employee advances from one position to a more responsible position he can get the increase. He can likewise get the increase which would ordinarily come to him by his rights of seniority. There is nothing unfair about it unless we single out the wage earners.

What I hope the proposal will accomplish if enacted would be the preservation of the status quo through this emergency. The important thing to the wage earner is not the amount written into his salary check, not the figures on the check, it is what that check will buy—his real wage. The important thing in inflation for the worker is to preserve the worker's real wage, because if we allow prices to continue to rise, poorer food, poorer shelter, and poorer clothes must be the unhappy lot, the mean lot, of poor people who spend the greater portion of their earnings for such necessities. Only a fraction of a Congressman's salary goes for shelter, food, and clothing, but think of the poor man who spends all of his money for food and clothing and shelter for his wife and babies.

[Here the gavel fell.]

Mr. ROLPH. Mr. Chairman, I yield the gentleman from Tennessee 10 additional minutes.

Mr. GORE. The wage earner is hurt more than any group of people on earth by inflation. It is he who is hit hardest by an inflation. The farmer is hit worse by a depression, but not much worse than the wage earner. It is the wage earner who, when the depression comes, which is the inexorable counterpart of inflation, loses his employment, joins a relief line, and turns in desperation to the succor of the Government. Oh, it is not to the wage earner's interest that we allow inflation to come. It is to his interest that we preserve his real wage and that we control inflation.

Some people cry that it is unfair to the farmer and some people say that I am advocating an antifarmer bill, an anti-labor bill, and an antibusiness bill. No; it is neither. It is a vigorous attempt to preserve the American economy for all Americans of all classes of our society and of all walks of life.

Mr. BOGGS and Mr. VOORHIS of California rose.

Mr. GORE. I must first yield to my colleague on the committee.

Mr. BOGGS. The gentleman has discussed the wage phase of his bill, and I am asking this question as a matter of information because I have never heard the gentleman discuss the service and commission provisions in his bill. It is my understanding that under the bill as it is drafted, you cannot only freeze the wages of the working man, but you would freeze the fee paid to a lawyer, a doctor, or engineer, or the fee paid to a barber or to a beauty operator, making it apply to all other branches of society.

Mr. GORE. I will say to the gentleman that he is partially correct. Ceilings not only could be applied, but they would be applied to the charge for standard services. I do not think that it would go to some of the inconsequential things which the gentleman says are necessary, but it would apply to a commission. Are you going to propose a ceiling upon a salary, a ceiling upon a wage and then let the commissions, let the piece worker go free? Oh, no, the gentleman is right, at least in part, because a ceiling would be placed upon a charge for services, and let me say that this ceiling would be applied to salaries of corporation executives. One of the most scandalous developments of the year has been the increase of executive salaries.

I placed in the committee hearings records from the Securities and Exchange Commission showing that 21 corporations filing reports on June 30 showed an 18-percent average increase in the highest-paid executives' salaries. Yes; it showed that the increase in the salary of all executives in those corporations had been increased 14 percent. One company, the W. B. Jarvis Co., showed an increase in the pay of its highest-paid executive from \$17,540 to \$80,000, including a \$30,000 bonus. Are we going to let that go? Do you blame the workers, when we are allowing tremendous profits, when we are allowing executive salaries to be increased by such proportions, for asking a bigger share of the profits if the Government is to allow them.

We must go across the board with this bill. We must be fair to everybody, and unless we are, we are headed for a catastrophe. Yes; we are all trying to catch up. The farmer is trying to catch up, industry is trying to go higher, and wage earners are trying to catch up. They will all catch up over a precipice unless we take bold and effective action.

I ask you, as I approach the end of this discussion, which of the two bills would apply more fairly and uniformly, which of the two proposals would make the greater contribution to the Nation's effort to mobilize its strength for national defense, which of the two proposals would more likely prevent inflation?

The committee bill absolutely exempts wages and salaries and prohibits the placing of ceiling on either.

It is elementary that you cannot control the price of the commodity unless you control the cost of that commodity. No matter how much an administrator may fume and fulminate and cuss, he could not hold down the price of an automobile unless he held down the cost of the steel in the motor, the tin in the body, the plastics and the fabrics, as well as the cost of the labor that fabricates it. It is silly to think you can hold down our price structure and let that element which makes up the greater part of the price structure go free. You might as well say to the sun "Do not rise tomorrow morning." You might as well follow the attempt of Canute in ordering the waves of the sea to recede. You just cannot do it.

We must have uniformity of sacrifice, and we cannot approach this great undertaking with a winning spirit if everybody is trying to make a profit out of it.

Under the system thus far followed, about the only fellows making any real sacrifice are the boys whom we have put into uniform by our vote, sweeping them away from their homes and their employment. They are training to defend and fight for this country, and yet we are debating and quibbling falteringly whether to place a ceiling upon the rising cost of living and upon the wages and salaries of workers who are making many times the soldier's paltry pay. I say we must face all of the problems of national defense with an all-out spirit from now on.

Mr. WILLIAMS. Mr. Chairman, I yield 30 minutes to the gentleman from Texas [Mr. PATMAN].

PRICE-CONTROL BILL

Mr. PATMAN. Mr. Chairman, the hearings on this bill commenced before the committee more than 3 months ago. When the hearings first commenced I concede that I had the opinion that wages should be in the bill, or that we should not have any bill. Of every witness I asked this question: Since wages represent a major part of what the farmer produces, would it not be unfair to fix a price on the farmer's production and not fix a ceiling over wages? I asked every witness that question.

There were two things about which I changed my mind during the course of the hearings. One was that wages should not be included in a price-control bill at this time, and if they are ever included, they should be under a separate administration and not under the Price Control Administrator. Another thing on which I changed my mind is that when I went into that committee, just as the chairman suggested, I had a prejudice against Mr. Henderson, I am glad to publicly confess, from statements that I had heard around this Capitol. I am glad to say now, however, that I have no prejudice against him at this time, and I am convinced that he is an able, honest, conscientious Administrator, who is trying his very best to do a good job in the best possible way in the public interest.

I congratulate my friend and able colleague, the gentleman from Tennessee [Mr. GORE] upon his fine presentation of the proposal that he had before our committee to include wages in a bill. It is my opinion that when you analyze the two bills there will be only one major difference between them, and that is that wages are specifically excluded from the bill that the committee has presented to this House, while in Mr. GORE's bill he permits wages to be put in, but allows the Administrator to specifically and immediately exempt them. The gentleman stated awhile ago—this afternoon—that he has an amendment to the bill which will require the Administrator to make a finding of fact in each case before he can exempt anything.

Mr. GORE. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. GORE. The gentleman from Texas says the proposal which I make would permit ceilings to be placed. He is in error there. The ceiling would be applied by law to wages the same as to other segments.

Mr. PATMAN. Then let me ask the gentleman this question. In the bill which the gentleman presented, up until noon today, the bill permits the Administrator to exempt everything.

Mr. GORE. The gentleman is entirely wrong.

Mr. PATMAN. If the gentleman will read his bill on the page where it appears, he will find that I am correct.

Mr. GORE. The gentleman is entirely wrong.

Mr. PATMAN. The language of the bill presented by the gentleman on this point is as follows:

EXEMPTIONS

SEC. 206. As soon as practicable after the Administrator qualifies and takes office, he shall by regulation or order exempt from the provisions of sections 202, 203, 204, and 205 articles, services, labor, and dwelling accommodations, with respect to which, in his opinion, a ceiling is not necessary to carry out the purposes of this act.

That makes the bill a cover-all, exempt-all bill.

Today the gentleman has presented an entirely different amendment. He makes it compulsory upon the Administrator to have a finding of facts that it is necessary to exempt the matter of wages or any other exemption. Am I correct on that?

Mr. GORE. Is the gentleman objecting to the removal of the excuse he has been hiding behind?

Mr. PATMAN. Oh, I am not hiding behind any excuse. I hope the gentleman does not get that idea. I ask the gentleman this question: Does he now consider this bill an over-all compulsory bill, or an over-all voluntary bill?

Mr. GORE. It is an over-all bill applied by law of the United States; and if the law is not compulsory then I don't know what is compulsory.

Mr. MONRONEY. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. No; wait. Up until now it has been a voluntary bill, but the gentleman has changed it. Now he says it is a compulsory bill.

Mr. GORE. I have never presented a proposal on this subject which did not apply a ceiling by law. The gentleman knows that it became necessary to submit an additional proposal because of the action of the Rules Committee. I did make a minor change to meet what I considered the specious objection, which the gentleman has been making, and now he is complaining because it is removed.

Mr. PATMAN. I will ask the gentleman another question. Does labor have the right to strike in the bill as you now have it?

Mr. GORE. I do not think—

Mr. PATMAN. Well, just answer my question.

Mr. GORE. Yes. It is not an anti-strike bill. It is no effort to solve the labor problem of the country. It is a price-control bill.

Mr. PATMAN. Now, the gentleman had a lot of time. I hope he will not take up all of my time.

Mr. GORE. But you interrogated me.

Mr. PATMAN. I just asked a simple question. Did you strike out that provision that labor has the right to strike?

Mr. GORE. I am glad to reply to the gentleman.

Mr. PATMAN. Is it stricken out or is it in?

Mr. GORE. It is not in the bill.

Mr. PATMAN. It is not in the bill. I thank you kindly. It was stricken out.

Now, about this inflation, I concede that something has to be done about inflation. We will have ruinous inflation that will absolutely destroy our country, if something is not done. Whether you pass the committee bill or Mr. GORE's bill, it is not going to be sufficient to stop inflation. It is going to take other things. We must deal with excess reserves of banks. We must deal with installment buying. We must deal with a lot of things. So regardless of the bill that you pass, this bill is not a cure-all. The Committee on Banking and Currency comes into this House with a bill under very adverse circumstances, under many handicaps; when many Members of the House are actually mad about different situations that are existing and are anxious to do anything to give vent to their feelings. In the first place, they are mad about these strikes. I am, too. I do not like these strikes in defense industries. I am tired of it. I know the feeling is to do something to labor; do something to labor in this bill. Some of the feeling of putting wages into this bill is for the purpose of expressing dissatisfaction against labor, in the hope that you are doing something to labor. May I suggest to you that if you include wages in this bill you will not hurt labor. You will help labor. You would increase wages all over the Nation. You would increase wages by billions of dollars and break industries in the South and West within a short period of time. They could not survive it. So take that into consideration. You will not be doing something to labor in the event you put wages in this bill.

Now, in connection with this bill, I want to say to my friend from Tennessee I have no personal feeling in this matter. I consider this debate just like trying a lawsuit. I expect to point out the ob-

jections I have to the substitute, and if the House goes ahead and puts wages in the bill, of course, this is a democratic body and it is perfectly all right with me if the House and the country want it done. But I am personally against it because it is against the interests of the country at this time.

Mr. MONRONEY. Will the gentleman yield?

Mr. PATMAN. I would like to yield to all of you, but my time is limited.

Mr. MONRONEY. I want the gentleman to follow his thought about how putting wages into this bill will break the industries of the West and the South?

Mr. PATMAN. All right. I will do that. If you fix the wage of a first-class mechanic at \$1.50 an hour and then the same concern is paying 50 cents an hour in the South and 75 cents in the West—the same concern—and you have hundreds of thousands of people working for the same concern, how are you going to answer their argument when they say "Up in New York and in New Jersey they would pay me, a first-class mechanic, \$1.50 an hour. Down here they are paying 50 cents an hour. I am working for the same employer, producing the same commodity and he is making the same profit." How are you going to answer that?

Mr. MONRONEY. Does not that condition exist today?

Mr. PATMAN. Now the Government has no national prevailing wage as would be established by the Gore bill. You cannot answer it.

Mr. MONRONEY. These wages will be frozen into this bill. I cannot see how it will establish any ceiling.

Mr. PATMAN. You cannot explain it to save your life. You are not fixing the profits of the employer. You are willing to freeze the wages of the man making \$400 a year or the man making \$700 a year or \$800 a year or the farm hand making 75 cents a day, but you are not doing anything about the enormous profits that are being made.

Mr. MONRONEY. Will the gentleman yield further?

Mr. PATMAN. Now, please do not take all of my time.

Mr. MONRONEY. The gentleman said I was trying to freeze these men in an unfavorable situation. I do not think he wants that to remain in the RECORD unanswered.

Mr. PATMAN. There is nothing personal in this.

Mr. MONRONEY. I think it is just as important to protect the purchasing power of the man who is making \$400 a year now as it is to permit him to try to run up his wages 10 percent further.

Mr. PATMAN. So you are freezing the wages of the man who makes four or five hundred dollars a year; but the man who is making millions and tens of millions in excess profits you are doing nothing to him in this bill at all; not at all. How are you going to answer that? I am not asking you to answer it now, but you can answer it in your own time.

My answer to it is to let the question of wages and profits go before the Committee on Ways and Means; they will soon have a new tax bill and they will

deal with that problem all at the same time, and you will not be freezing the \$400 man and letting the \$1,000,000 man go.

The gentleman from Tennessee [Mr. GORE] had lots to say about these big salaries, and some of them had increased 300 and 400 percent. Under his bill he would freeze them where they are, and he would freeze the \$400 man where he is. He would freeze the \$100,000-a-year man or the \$300,000-a-year man where he is.

Mr. GORE. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. If the gentleman will just wait until I get through my general statement. I made some points and I want to cover them hurriedly so as to answer questions.

This bill is a far-reaching bill. It cannot be justified in peacetime. I hate a bill like this. This is dictatorial; this is regimentation of the worst sort; and the only time you can justify it is in a time of national emergency that demands it. That is the only reason you can afford to vote for this bill. But if you have a bill like this, you have got to have one person to enforce it. We do not want a board that can dodge and pass the buck from one person to another.

We want one man and place all responsibility on him and charge him with the responsibility under the direction of the President of the United States.

This job involves 1,800,000 different commodities—think of that—if you include style, models, forms, and different things; and if you put wages in, it will include 3,000,000 different kinds of wage scales. There are about 5,000,000 questions, types of questions, to be passed on. If you have as many people in America to handle this thing in proportion to what they have in Canada, considering industries, capacity, and number of workers, and the population of the 2 countries, it will take between 500,000 and 1,000,000 people to enforce this over-all bill. If you make it compulsory as the gentleman from Tennessee [Mr. GORE] now proposes, you could not find enough qualified people to do it. I want to tell you something more about this bill.

This is too much power to grant except in wartime; and I have not found in this bill everything I would like to have in it. There are several changes I would like to make; but remember this, Mr. Chairman, in a democracy we cannot have everything we want. Legislation is giving and taking. Every major law represents a sacrifice of view or a compromise of opinion on the part of practically every Member of the two legislative bodies. We must give and take. If we do not it is absolutely impossible to have legislation. So we have to take things in this bill that we do not like to have and do not like to agree to, but if we have price control that will keep down the rising cost of living and the cost of national defense we have got to have some sort of bill.

When Mr. Henderson came before our committee I asked him what items would likely get out of hand, that would cost

too much money in proportion to their real value in our national-defense problem.

He said first metals—aluminum, copper, steel—things like that. He said if we do not fix a price on metals our national-defense program cost will increase a larger amount each year than what we expected. Then he said chemicals. Then he said imports. Then he said rents in defense areas. May I suggest to you, Mr. Chairman, that this bill that we have presented here is a well-considered bill. Every line, every sentence, every paragraph, and every section of it has been thoroughly considered by the whole committee.

Mr. MONRONEY. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. In just a minute.

The bill covers all those major points that Mr. Henderson said he needed the worst at this particular time, and I believe he is right about it.

Mr. MONRONEY. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. In just a moment. This bill keeps down the cost of national defense \$20,000,000,000 out of a \$60,000,000,000 expenditure. So it is not the kind of bill that ought to be sneezed at. Now suppose we were to say offhand, "Let us take a substitute." Now, as much confidence as I have in the gentleman from Tennessee [Mr. GORE], no one has considered his bill but himself so far as I know; at least the committee has not considered it and I am therefore not willing to accept a one-man bill in preference to a committee bill. He changes it from time to time and time to time, and even today when he presented it here in his speech it was different from what it was this morning when I got the bill from the document room.

Mr. MONRONEY. Mr. Chairman, will the gentleman yield there for a very important observation?

Mr. PATMAN. No. I am sorry. Not at this particular time.

The CHAIRMAN. The gentleman declines to yield.

Mr. PATMAN. So if you take that bill you would want a committee to consider it, would you not? Would you want to take his word for it, as much confidence as you have in him? It has not been considered by a committee at all. The only thing considered in the Gore bill was the question of wages. His whole fight can be determined by him offering an amendment to strike out the exemption of wages in the committee bill.

Mr. GORE. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. In just a minute. I say that because the gentleman from Tennessee had the Baruch idea and plan, at least the one that was claimed to be Mr. Baruch's plan. I do not, however, think it was his plan when he was before the Rules Committee, but anyway it was represented as his plan. The Committee on Banking and Currency let the gentleman from Tennessee go out in front of the committee like a witness and present his bill just as long as he wanted to.

After he got through, we showed where it was not compulsory, that the Admin-

istrator could just exempt anything, that it was about the same bill as our own. The only difference was we did not put everything in and let the Administrator pick out the ones that were becoming inflationary and in his bill he put everything in and let the Administrator exempt anything. So the net result is exactly the same. We gave him a good respectful hearing, and I am glad we did. Then we put it to a vote, and Mr. GORE received 5 votes out of 25 Members. There were only 23 Members there, but his bill received 5 votes, Mr. MONRONEY and Mr. GORE on the Democratic side and 3 Republicans. Is that right?

Mr. MONRONEY. That is right.

Mr. PATMAN. After the committee spent months on this bill, it should know all about it. There are some very important items in this bill. Now, are you going to throw their work overboard, 3 or 4 months overboard, and say it is no good at all and pick up some bill that has not been considered by the committee except the question of wages? Are you going to presume that the administrative features of that bill are good?

If you harbor that opinion, let me show you where you are mistaken. In the first place, if you freeze wages where they are, and you cannot increase them except by special order, you will get a call one of these nights about midnight, and a constituent of yours will be on the phone telling you that one of these fellows who employs fewer than eight men has employed his foreman and he has got to have another foreman. He cannot pay more money to employ another foreman. The defense plants have taken all the foremen and he will tell you, "I want you to see that Mr. Henderson gives me the authority right away to pay more money for a foreman." That is one question out of millions. The exact language of the Gore bill on this point is as follows:

CEILINGS APPLICABLE TO WAGES AND SALARIES

SEC. 204. (a) Except as provided in subsection (b) and section 206, the ceiling applicable in respect of labor performed by an individual shall be—

(1) in case such labor is the same labor as labor performed, whether or not by him, for his employer during the base period, the highest wage paid by his employer during the base period, at the place of employment where such individual is employed, for the same labor to an employee with the same seniority rights and length of service.

It would take a hundred people in the office of every Congressman to intelligently and properly answer inquiries they would get about these 5,000,000 setups provided for in the over-all bill. We have not reached that psychological point in our national-defense preparations where we will accept that kind of regimentation.

Suppose it is a defense plant established in the district of either one of you. Where are they going to get their workers? You know we cannot stop defense, and you entice a man to leave his present employment where he is getting good wages, where he has his home, where he has his comfortable surroundings, his children in school with his neighbors, relatives, and friends' children, in order

to get him to go to the defense plant and give up his present rights and privileges as an employee, you have to pay him more money. Of course you have. Common sense dictates that. Now, this would be a bill to hamper and retard and stop national defense. That is what it would do, because you could not get people to go to the national-defense plants. Do you think these workers would leave the districts of my friends, the gentleman from Oklahoma [Mr. MONRONEY] and the gentleman from Tennessee [Mr. GORE] and go off down in the swamp and work in a defense plant or in these different plants that are set up in various parts of the country? Perhaps it might be a desirable place. Let us say it is a desirable place. Why leave your home if you cannot get better wages? You would freeze the people where they are. They would be satisfied to let the defense-plant work go. They would say, "Let somebody else do that work. I am not going over there." Then you would have to repeal your over-all on the wages in order to carry on your national-defense program. This would freeze national defense, along with everything else.

Mr. MONRONEY. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Oklahoma.

Mr. MONRONEY. Is it not a fact that the national-defense plants are now drawing labor from Oklahoma City and the district of the gentleman from Tennessee [Mr. GORE] into Texarkana?

Mr. PATMAN. Yes.

Mr. MONRONEY. And that is because the wages are high enough to pull them over there.

Mr. PATMAN. Yes. They are offered more money.

Mr. MONRONEY. Would not this bill provide they could do that?

Mr. PATMAN. Oh, no; it would freeze them.

Mr. MONRONEY. But the rates in the defense plants would be the same as they are this week, and they are now drawing employees from places like my home city, that has no defense plants into places like the gentleman's district that has.

Mr. PATMAN. You would have to pay comparable wages.

Mr. MONRONEY. If the gentleman will read the bill carefully, he will see where it provides that they will get the same wages as in other defense industries.

Mr. PATMAN. The same wages; yes. Mr. MONRONEY. As in other defense plants.

Mr. PATMAN. We are talking about a new plant that is going to be built down near Oklahoma City. It is all set up. They need 15,000 men. Where are they going to get the men? Do you think these men are going to leave their comfortable places where they are, where they had their homes, where their children are in school, where they have their churches, and everything else? You would not have a man at that plant.

Mr. MONRONEY. They are getting them now.

Mr. PATMAN. You would have to repeal this law.

Mr. MONRONEY. They are getting them now.

Mr. PATMAN. This substitute bill, with all due respect to my good friend, would help Hitler more than anything else that has been proposed here.

If a concern operates over the entire Nation its price will be fixed at the lowest price charged anywhere. The language of the Gore bill on this point is as follows:

CEILING APPLICABLE TO SALES OF ARTICLES

SEC. 202. (a) Except as provided in subsections (b) and (c) and section 206, the ceiling applicable to the sale of an article by any person shall be—

(1) In case the sale is at wholesale and the article is the same article as an article sold at wholesale by such person during the base period, the lowest price at which it was sold by such person during the base period.

With the highest wages and the lowest prices, many concerns will have difficulties.

Mr. MONRONEY. The gentleman awhile ago spoke about the ill-conceived Gore bill that was hastily drawn. Is it not a fact that the committee bill at this minute has not been completely decided on?

Mr. PATMAN. Certainly it has been. We struck out one section and we agreed to put it back.

Mr. MONRONEY. Are we not meeting tomorrow to decide what we are going to do about the section?

Mr. PATMAN. We are not changing the phraseology at all.

Mr. MONRONEY. We are changing the whole tenor of the bill.

Mr. PATMAN. But we have considered this thing, and wise men change their minds. The committee has not considered this other bill. The Gore bill has been changed a number of times, according to the views of the author, and without the consultation of the committee.

Mr. BOGGS. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. For a question.

Mr. BOGGS. Is it not a fact that Mr. Baruch recommended a base period of January 1, 1941, and further recommended a licensing provision for retail stores?

Mr. PATMAN. I thank the gentleman; I am coming to that. Mr. Baruch seemed to be evasive on the date, I believe.

Mr. BECKWORTH. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Texas.

Mr. BECKWORTH. I have been interested in the observation the gentleman has been making about wages. Is the gentleman assuming that if we keep on expanding our national-defense plants every time we shall continue and continue and continue to raise wages in order to get workmen for various plants?

Mr. PATMAN. We have to carry on national defense. If it is necessary to raise wages to get the men, we have to have them, because we must build planes, tanks, and guns.

Mr. BECKWORTH. Does the gentleman believe a limit will ever be reached?

Mr. PATMAN. I do not know, but if I were a mechanic comfortably situated in my own home, I should be reluctant to go somewhere else, regardless of what a desirable place it might be, to accept the same wage. I would not do it. I probably would not do it unless I was prompted by an urge to contribute to the national defense, of course. We would say, "Let the other fellow do it."

Mr. BECKWORTH. In that connection, has it not been the policy of those who have been locating these defense plants to try to place them where labor is available, to a great extent? That is one of the main questions they ask.

Mr. PATMAN. I know that is very true, but they will never have enough. Of course, they have enough of the common labor. The first thing they need is common labor. They can get common labor from the surrounding countryside. But skilled labor is what you need in these plants, so this would probably stop national defense.

Let us see, now, if this is the Baruch plan. Mr. Baruch said that no bill was sufficient that did not require the licensing of retail stores. You heard him say that. The Gore bill does not have any licensing at all and the Gore bill does not even include retail prices. That is right, is it not? It does not even include retail prices, and one of the most inflationary things in the world is retail prices.

Mr. GORE. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Tennessee.

Mr. GORE. It includes retail prices in just the same way the committee bill includes them. If the gentleman indicts my bill—

Mr. PATMAN. Just a moment; wait, now. The gentleman has told me, and I concede that he is right, but he includes retail prices by selecting them. If the gentleman is opposed to our method of selection, why offer one of his own?

Mr. GORE. If the gentleman is opposed to the substitute bill because it is selective in method as to retail prices, then why is he for a bill which is entirely selective?

Mr. PATMAN. We can argue that back and forth. I could assert the same thing about the gentleman and he could say the same thing about me, but the point is there is no licensing in the Gore bill, and Mr. Baruch said that it is absolutely necessary. Next, he said retail prices must be included. They are included indirectly in the Gore bill. They must be selected.

Next, there is the provision to buy and sell. Mr. Baruch said no law would be any good that did not give the Administrator the power to buy and sell. The Gore bill does not have anything about that, not a thing in the world. The committee bill does have.

Therefore, the main provisions brought up by my friend the gentleman from Louisiana [Mr. Boggs], that Mr. Baruch said were essential to a good bill, are all lacking in the Gore substitute, wholly lacking.

Possibly we could take the bill back to the committee and in another month's time could insert them at the right place

and change the language and do things like that, but we have worked on this bill about as long as I should like to work on it.

This bill states that the base period shall be the week in which it passes, but since the gentleman from Tennessee [Mr. GORE] came up here this morning he has changed that provision and says that the base period will be this week from November 24 to 29, inclusive. This is an invitation to inflation. If the people of this country believed that prices would be fixed as of this week, do you not think they would greatly increase their prices? They would not have enough sense to be in business if they did not. So any time you let the word go out here today or tomorrow or the next day that you are going to freeze prices and wages and commissions and fees as of the week commencing today and ending Saturday, you have a paved road to inflation and a special invitation to it, with the knowledge that you are not using good sense and judgment if you do not increase your prices. Mr. GORE's bill contains the following provisions about the base period.

(t) "Base period" means the calendar week within which this Act is enacted.

It is now changed to November 24 to 29, 1941, inclusive.

Mr. Baruch said that a date should be fixed when there was no inflation of any kind, no spiral of any kind, that some date should be arrived at when prices were neither too high nor too low, but he would not suggest any such date. So that does not comply with Mr. Baruch's plan.

Let me tell you something else about this bill. Architects, lawyers, doctors, preachers, every professional person, and any person in any occupation, trade, or business would have his fee, his wage, his commission, his service charge fixed by this bill, and if the gentleman from Tennessee [Mr. GORE] is right that freezes them where they are. It includes hundreds of others. The Gore bill on that point is as follows:

CEILINGS APPLICABLE TO SERVICES

SEC. 203. (a) Except as provided in subsection (b) and section 206, the ceiling applicable to services performed by any person shall be—

(1) In case such services are the same services as services performed by such person during the base period, the lowest price for which such services were so performed by such person during the base period; and

(2) In case such services are not the same services as services performed by such person during the base period (or in case such person did not perform any services during the base period), the lowest price for which the same services were regularly performed by any other person within the same county or parish, or within the same State if there be no such other person within the same county or parish, during the base period.

(c) "Services" means any service, operation, or function performed otherwise than as an employee by a person (other than a State or political subdivision thereof) for any other person for compensation.

(d) "Labor" means any function performed by an individual as an employee of a person other than a State or political subdivision thereof.

Suppose an architect does not have a case this week, and next week a man comes to him and wants some plans drawn for a certain commercial building.

He will say, "I do not know what fee to charge; I have got to take that up with Mr. Henderson; I did not have any case like that last week. I will call up my Congressman and see what I can charge." He calls up his Congressman and the Congressman gets the bill down and says, "Well, charge the same price that somebody else in that business in that city charged that week for doing the same work." The Congressman will read it to him over the phone. He goes out and looks around and finds out that the only fellow who drew any plans for a building of that type was the sorriest architect in the town and charged a very low fee, and therefore he has to put his fee on the basis of the fee charged by the poorest architect in the town.

[Here the gavel fell.]

Mr. WILLIAMS. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. PATMAN. The same way with a doctor. Suppose this week he has a charity case. He is working over here at the hospital on charity and poor patients and is not making money and next week a case comes to him and the question comes up as to what he is going to charge. If he charged the charity patient \$10 for an operation the base-period week he could charge no more thereafter. All right, take it up with Mr. Henderson, and then the next fellow comes along and he is a lawyer. He gets a divorce case and he says, "Now, I would sure like to have it, but what can I charge you on this? I did not have any divorce case during the week the prices were frozen." So he calls up his Congressman and after a few conversations over long distance with Mr. Henderson, he finally gets the information that he has to charge the same price that some other lawyer charged in that town that week for the same kind of work, and he finds that some jack-leg lawyer got a divorce for \$10, and he would have to charge only \$10 to a rich client.

Under this bill that is what you would do, because every fee, every commission, every service charge of any kind is frozen as of that week.

Take the minister, for instance. A couple is being married, and, of course, the groom wants to compensate the preacher, and the preacher says, "Well, I do not know what to charge; I did not marry any couple last week, when these fees were fixed." He calls up his Congressman, and his Congressman gets hold of Mr. Henderson and the rest of them down there, and they say, "Let him charge the same fee that some other minister charged in that same town for performing the same kind of marriage ceremony." They find some preacher that performed such a ceremony for a dollar or \$2, and he will have to fix the fee to conform. The minister could not be given a Christmas present without Mr. Henderson's permission.

I am telling you these things to let you know how far this bill goes. It goes just as far as it is possible for a bill to go. I

have mentioned only a few of the possibilities. Thousands could be mentioned.

Now, as to wages, possibly the time will come when wages should be frozen. I am not sure the time will not come. I am not closing the door. I am not saying that I shall never vote to place a ceiling on wages. I do not know what is in store for us. It is possible we will have to swallow a lot of things in this program we have never swallowed before in peacetime, but I do say with all the earnestness and the sincerity that I possess that I believe this committee bill goes just as far as any well-considered bill can afford to go at this particular time.

The Gore bill freezes the wages of 50,000,000 people gainfully employed in the United States in the following occupations:

AGRICULTURE

Farmers (owners and tenants).
Farm managers and foremen.
Farm laborers: Wage workers; unpaid family workers.

FORESTRY AND FISHING

Fishermen and oystermen.
Foresters, forest rangers, and timber cruisers.
Owners and managers of log and timber camps: Owners and proprietors; managers and officials.
Lumbermen, raftsmen, and wood choppers.

EXTRACTION OF MINERALS

Operators, managers, and officials.
Foremen, overseers, and inspectors.
Coal mine operatives.
Copper mine operatives.
Gold and silver mine operatives.
Iron mine operatives.
Lead and zinc mine operatives.
Other and not specified mine operatives.
Quarry operatives.
Oil and gas well operatives.
Salt well and works operatives.

MANUFACTURING AND MECHANICAL INDUSTRIES

Apprentices to building and hand trades: Carpenters' apprentices; electricians' apprentices; machinists' apprentices; plumbers' apprentices; apprentices to other building and hand trades.
Apprentices to dressmakers and milliners.
Apprentices to printers and bookbinders.
Other apprentices in manufacturing.
Bakers.
Blacksmiths, forgemen, and hammermen.
Boilermakers.
Brick and stone masons and tile layers.
Builders and building contractors.
Cabinetmakers.
Carpenters.
Compositors, linotypers, and typesetters.
Coopers.
Dressmakers and seamstresses (not in factory).
Dyers.
Electricians.
Electrotypers, stereotypers, and lithographers.
Engineers (stationary), cranemen, etc.
Engravers.
Filers, grinders, buffers, and polishers (metal).
Firemen (except locomotive and fire department).
Foremen and overseers (manufacturing).
Furnace men, smelter men, heaters, puddlers, etc.
Glass blowers.
Jewelers, watchmakers, goldsmiths, and silversmiths.
Loom fixers.
Machinists, millwrights, and toolmakers.
Managers and officials (manufacturing).
Manufacturers.

Mechanics (n. o. s.): Air transportation, automobile factories; garages; repair shops; railroad and car shops; other industries.

Millers (grain, flour, feed, etc.).

Milliners and millinery dealers.

Molders, founders, and casters (metal).

Oilers of machinery.

Painters, glaziers, varnishers, etc.: Enamelers, lacquerers, and japanners; painters, glaziers, and varnishers.

Paperhangers.

Pattern and model makers.

Piano and organ tuners.

Plasterers and cement finishers.

Plumbers and gas and steam fitters.

Pressmen and plate printers (printing).

Rollers and roll hands (metal).

Roofers and slaters.

Sawyers.

Shoemakers and cobblers (not in factory). Skilled occupations (not elsewhere classified).

Stonecutters.

Structural-iron workers (building).

Tailors and tailoresses.

Tinsmiths and coppersmiths.

Upholsterers.

Operatives (n. o. s.), building industry.

Chemical and allied industries: Charcoal and coke works; explosives, ammunition, and fireworks factories; fertilizer factories; gas works; paint and varnish factories; petroleum refineries; rayon factories; soap factories; other chemical factories.

Cigar and tobacco factories.

Clay, glass, and stone industries: Brick, tile, and terra cotta factories; glass factories; lime, cement, and artificial stone factories; marble and stone yards; potteries.

Clothing industries: Corset factories; glove factories; hat factories (felt); shirt, collar, and cuff factories; suit, coat, and overall factories; other clothing factories.

Food and allied industries: Bakeries, butter, cheese, condensed-milk factories; candy factories; fish curing and packing; flour and grain mills; fruit and vegetable canning, etc.; slaughter and packing houses; sugar factories and refineries; other food factories; liquor and beverage industries.

Iron and steel, machinery, and vehicle industries: Agricultural implement factories; automobile factories; automobile repair shops; blast furnaces and steel-rolling mills; car and railroad shops; ship and boat building; wagon and carriage factories; other iron and steel and machinery factories; not specified metal industries.

Metal industries (except iron and steel): Brass mills; clock and watch factories; copper factories; gold and silver factories; jewelry factories; lead and zinc factories; tinware, enamelware, etc., factories; other metal factories.

Leather industries: Harness and saddle factories; leather belt, leather goods, etc., factories; shoe factories; tanneries; trunk, suitcase, and bag factories.

Lumber and furniture industries: Furniture factories; piano and organ factories; saw and planing mills; other woodworking factories.

Paper, printing, and allied industries: Blank book, envelope, tag, paper-bag, etc., factories; paper and pulp mills; paper-box factories; printing, publishing, and engraving.

Textile industries: Cotton mills; knitting mills; silk mills; textile dyeing, finishing, and printing mills.

Woolen and worsted mills.

Other textile mills: Carpet mills; hemp, jute, and linen mills; lace and embroidery mills; rope and cordage factories; sail, awning, and tent factories.

Miscellaneous manufacturing industries: Broom and brush factories; button factories; electric light and power plants; electrical machinery and supply factories; rubber factories; straw factories; turpentine farms and distilleries.

Laborers (n. o. s.): Building, general, and not specified laborers; laborers and helpers, building construction; general and not specified laborers.

Chemical and allied industries: Charcoal and coke works; explosives, ammunition, and fireworks factories; fertilizer factories; gas works; paint and varnish factories; petroleum refineries; rayon factories; soap factories; other chemical factories.

Cigar and tobacco factories.

Clay, glass, and stone industries: Brick, tile, and terra-cotta factories; glass factories; lime, cement, and artificial-stone factories; marble and stone yards; potteries.

Clothing industries: Corset factories; glove factories; hat factories (felt); shirt, collar, and cuff factories; suit, coat, and overall factories; other clothing factories.

Food and allied industries: Bakeries; butter, cheese, and condensed-milk factories; candy factories; fish curing and packing; flour and grain mills; fruit and vegetable canning, etc.; slaughter and packing houses; sugar factories and refineries; other food factories; liquor and beverage industries.

Iron and steel, machinery, and vehicle industries: Agricultural-implement factories; automobile factories; automobile repair shops; blast furnaces and steel rolling mills; car and railroad shops; ship and boat building; wagon and carriage factories; other iron and steel and machinery factories; not specified metal industries.

Metal industries (except iron and steel): Brass mills; clock and watch factories; copper factories; gold and silver factories; jewelry factories; lead and zinc factories; tinware, enamelware, etc., factories; other metal factories.

Leather industries: Harness and saddle factories; leather-belt, leather-goods, etc., factories; shoe factories; tanneries; trunk, suitcase, and bag factories.

Lumber and furniture industries: Furniture factories; piano and organ factories; saw and planing mills; other woodworking factories.

Paper, printing, and allied industries: Blankbook, envelope, tag, paper-bag, etc., factories; paper and pulp mills; paper-box factories; printing, publishing, and engraving.

Textile industries: Cotton mills; knitting mills; silk mills; textile dyeing, finishing, and printing mills; woolen and worsted mills.

Other textile mills: Carpet mills; hemp, jute, and linen mills; lace and embroidery mills; rope and cordage factories; sail, awning, and tent factories; other and not specified textile mills.

Miscellaneous manufacturing industries: Broom and brush factories; button factories; electric light and power plants; electrical machinery and supply factories; rubber factories; straw factories; turpentine farms and distilleries; other and not specified manufacturing industries.

TRANSPORTATION AND COMMUNICATION

Water transportation: Boatmen, canal men, and lock keepers; captains, masters, mates, and pilots; longshoremen and stevedores; sailors and deck hands.

Road and street transportation: Bus conductors, chauffeurs and truck and tractor drivers; draymen, teamsters, and carriage drivers; garage owners, managers, and officials; garage laborers; hostlers and stable hands; laborers, truck, transfer, and cab companies; laborers, road, street, etc., building and repairing; laborers, street cleaning; owners, managers, and officials, truck, transfer, and cab companies.

Railroad transportation: Baggage men and freight agents; boiler washers and engine hostlers; brakemen, steam railroad; conductors, steam railroad; conductors, street railroad; foremen and overseers, steam railroad, street railroad; laborers (includes construc-

tion laborers), steam railroad, street railroad; locomotive engineers; locomotive firemen; motormen, steam railroad, street railroad; officials and superintendents, steam railroad, street railroad; switchmen, flagmen, and yardmen, switchmen and flagmen, steam railroad, switchmen and flagmen, street railroad, yardman, steam railroad; ticket and station agents.

Express, post, radio, telegraph, and telephone: Agents, express companies; express messengers; railway mail clerks; mail carriers; postmasters; radio operators; telegraph and telephone linemen; telegraph messengers; telegraph operators; telephone operators.

Other transportation and communication: Apprentices, steam railroad, telegraph and telephone, and other transportation, etc.; aviators.

Foremen and overseers (n. o. s.): Air transportation; garages, greasing stations, and automobile laundries; road, street, etc., building, and repairing; telegraph and telephone; other transportation and communication.

Inspectors: Steam railroad; street railroad; telegraph and telephone; other transportation and communication.

Laborers (n. o. s.): Air transportation; express companies; pipe lines; telegraph and telephone; water transportation; other transportation and communication.

Proprietors, managers, and officials (n. o. s.): Air transportation; telegraph and telephone; other transportation and communication.

Other occupations: Road, street, etc., building, and repairing; steam railroad; street railroad; other transportation and communication.

TRADE

Advertising agents.

Apprentices: Wholesale and retail trade.

Bankers, brokers, and money lenders: Bankers and bank officials; commercial brokers and commission men; loan brokers and pawnbrokers; stock brokers; brokers not specified and promoters.

"Clerks" in stores.

Commercial travelers.

Decorators, drapers, and window dressers.

Deliverymen: Bakeries and stores.

Floorwalkers and foremen in stores.

Foremen: Warehouses, stockyards, etc.

Inspectors, gagers, and samplers.

Insurance agents, managers, and officials.

Insurance agents.

Managers and officials, insurance companies.

Laborers in: Coal yards and lumber yards; grain elevators; stockyards; warehouses.

Laborers, porters, and helpers in stores.

Newsboys.

Employment office keepers.

Proprietors, etc., advertising agencies.

Proprietors, etc., grain elevators.

Proprietors, etc., warehouses.

Real-estate agents and officials.

Retail dealers: Automobiles and accessories; books, music, news, and stationery; buyers and shippers of livestock and other farm products; candy and confectionery; cigars and tobacco; coal and wood; department stores; dry goods, clothing, and boots and shoes; drugs and medicines; 5- and 10-cent and variety stores; flour and feed; food (except groceries and hucksters' goods); furniture, carpets, and rugs; gasoline and oil filling stations; general stores; groceries; hardware, implements, and wagons; hucksters and peddlers; ice; jewelry; junk and rags; lumber; opticians.

Auctioneers.

Canvassers.

Demonstrators.

Sales agents.

Salesmen and saleswomen.

Undertakers.

Wholesale dealers, importers, and exporters.

Advertising agencies.

Grain elevators.

Warehouses and cold-storage plants.

Wholesale trade and retail trade (except automobile): Fruit and vegetable graders and packers, meat cutters.

PUBLIC SERVICE (NOT ELSEWHERE CLASSIFIED)

Firemen, fire department.
Guards, watchmen, and doorkeepers.
Laborers, public service.
Detectives, marshals and constables, probation and truant officers, sheriffs.
Officials and inspectors: City, county, State, United States.
Policemen.
Soldiers, sailors, and marines.
Other public-service pursuits.

PROFESSIONAL SERVICE

Actors.
Showmen.
Architects.
Artists, sculptors, and teachers of art.
Authors.
Editors and reporters.
Chemists, assayers, and metallurgists.
Clergymen.
College presidents and professors.
Dentists.
Designers.
Draftsmen.
Inventors.
Lawyers, judges, and justices.
Musicians and teachers of music.
Osteopaths.
Photographers.
Physicians and surgeons.
Teachers (athletics, dancing, etc.).
Teachers (school).
Technical engineers.
Civil engineers and surveyors.
Electrical engineers.
Mechanical engineers.
Mining engineers.
Trained nurses.
Veterinary surgeons.
County agents, farm demonstrators, etc.
Librarians.
Social and welfare workers.
Abstracters, notaries, and justices of peace.
Architects', designers', and draftsmen's apprentices.
Apprentices to other professional persons.
Billiard room, dance hall, skating rink, etc., keepers.
Chiropractors.
Directors, managers, and officials, motion-picture production.
Healers (not elsewhere classified).
Keepers of charitable and penal institutions.
Keepers of pleasure resorts, race tracks, etc.
Officials of lodges, societies, etc.
Radio announcers, directors, managers, and officials.
Religious workers.
Theatrical owners, managers, and officials.
Technicians and laboratory assistants.
Attendants, poolrooms, bowling alleys, golf clubs, etc.
Dentists' assistants and attendants.
Helpers, motion-picture production.
Laborers, professional service.
Laborers, recreation and amusement.
Physicians' and surgeons' attendants.
Stage hands and circus helpers.
Theater ushers.
Other attendants and helpers.

DOMESTIC AND PERSONAL SERVICE

Barbers, hairdressers, and manicurists.
Boarding and lodging house keepers.
Bootblacks.
Charwomen and cleaners.
Cleaning, dyeing, and pressing shop workers.
Elevator tenders.
Hotel keepers and managers.
Housekeepers and stewards.
Janitors and sextons.
Laborers, domestic and personal service.
Laundresses and laundries (not in laundry).

Laundry owners, managers, and officials.
Laundry operatives, deliverymen, laborers.
Midwives.
Nurses (not trained).
Porters: domestic and personal service.
Professional service, steam railroad.
Other porters (except in stores).
Restaurant, cafe, and lunchroom keepers.
Servants, cooks.
Other servants.
Waiters.
Cemetery keepers.
Hunters, trappers, and guides.
Other occupations.

CLERICAL OCCUPATIONS

Agents, collectors, and credit men.
Accountants and auditors.
Bookkeepers and cashiers.
Clerks (except "clerks" in stores).
Messenger, errand, and office boys and girls.
Stenographers and typists.

Mr. Speaker, the bootblack charging 5 cents for a shine, the base period week would have to get an order from Washington to increase it.

Consider the millions of problems that would immediately arise and would require early consideration by boards and commissions here in Washington that could not be established for months.

Mr. STEAGALL. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. COOPER, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee, having had under consideration the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes, had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. SUMNERS of Texas. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a brief filed by the standing committee of jurisprudence and law reform of the American Bar Association.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. COCHRAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein a brief editorial.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. JARMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by the insertion of a brief letter addressed to me.

The SPEAKER. Is there objection?

There was no objection.

Mr. JOHNSON of Oklahoma. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record by including therein a radio address delivered by myself; also, a poem delivered by a very prominent poet in my district, with a telegram addressed to Mr. Leon Henderson with reference to the oil situation.

The SPEAKER. Is there objection?

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix on two different subjects; in one to include a portion of an address delivered by a master of the National Grange, and also a portion of the report of the legislative representative of the National Grange, and in the other one to include a portion of a statement by the Central Japanese Association of America.

The SPEAKER. Is there objection?

There was no objection.

Mr. TINKHAM. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by the inclusion of a speech delivered in Chicago on Wednesday last by Mr. Hoover. I have an estimate of the cost from the Public Printer.

The SPEAKER. Is there objection?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. LYNCH, for November 25, 1941, to attend the fiftieth wedding anniversary of his parents.

SENATE ENROLLED BILL SIGNED

The Speaker announced his signature to an enrolled bill of the Senate of the following title:

S. 1884. An act to make provision for the construction activities of the Army.

BILLS PRESENTED TO THE PRESIDENT

Mr. KIRWAN, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H. R. 1511. An act for the relief of Anthony O'Hara and Stephen F. Maroney;

H. R. 2587. An act confirming the claim of Patrick Morgan and Daniel Clark to certain lands in the State of Louisiana, county of Attakapas, now parish of St. Martin, said claim being listed as No. 97 in Report of Commissioners dated May 1, 1815.

H. R. 2963. An act for the relief of the estate of James C. Harris; and

H. R. 3270. An act for the relief of Rhoda J. Blackstone as executrix of the estate of John K. Blackstone, deceased.

ADJOURNMENT

Mr. WILLIAMS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 31 minutes p. m.) the House adjourned until tomorrow, Tuesday, November 25, 1941, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON THE MERCHANT MARINE AND FISHERIES

The Committee on the Merchant Marine and Fisheries will hold a public hearing on Tuesday, November 25, 1941, at 10 a. m., on House Joint Resolution 246, to authorize the Maritime Commission to sell two merchant vessels to the Government of the Republic of Eire.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of the Committee on Interstate and Foreign Commerce at 10 a. m., Tuesday, November 25, 1941.

Business to be considered: Resume hearings on the Securities Act of 1933 and the Securities Exchange Act of 1934.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of this committee at 10:30 a. m., Wednesday, November 26, 1941, for the consideration of unfinished business and private bills.

COMMITTEE ON THE JUDICIARY

Subcommittee No. 4 of the Committee on the Judiciary will hold hearings on H. R. 4916, suspending during the time of war or national emergency the running of any statute of limitations on prosecutions for Federal offenses, on Wednesday, November 26, 1941, at 10 a. m., room 346, House Office Building.

Subcommittee No. 4 of the Committee on the Judiciary will hold hearings on H. R. 4859, conferring jurisdiction upon the Court of Claims of the United States to hear, determine, and render judgment on the claims of H. B. Nelson (doing business as the H. B. Nelson Construction Co.) against the United States for the amount of such actual losses or damages as shall appear to be due him, on Wednesday, November 26, 1941, at 10 a. m., room 346, House Office Building.

Subcommittee No. 4 of the Committee on the Judiciary will hold hearings on H. R. 6045, to amend the act entitled "An act to require the registration of persons employed by agencies to disseminate propaganda in the United States, and for other purposes," approved June 8, 1938, as amended, on Friday, November 28, 1941, at 10 a. m., room 346, House Office Building.

Subcommittee No. 4 of the Committee on the Judiciary will hold hearings on H. R. 6056, to regulate in the United States Court of Claims suits for payment for the use of inventions by or for the Government, on Wednesday, December 3, 1941, at 10 a. m., room 346, House Office Building.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of the Committee on Interstate and Foreign Commerce at 10 a. m., Monday, December 8, 1941.

Business to be considered: Hearings on H. R. 5695, a bill to amend the Civilian Pilot Training Act of 1939 so as to provide for the training of civilian aviation mechanics.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1092. A letter from the Secretary of the Navy, transmitting a report of contracts as awarded under the act of March 5, 1940; to the Committee on Military Affairs.

1093. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated August 27, 1941, submitting a report, together with accompanying papers, on a preliminary examination of Little Osage River, Kans., authorized by the Flood Control Act approved August 28, 1937; to the Committee on Flood Control.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ELLIOTT of California: Committee on the Disposition of Executive Papers. House Report No. 1435. Report on the disposition of papers by Treasury Department. Ordered to be printed.

Mr. ELLIOTT of California: Committee on the Disposition of Executive Papers. House Report No. 1436. Report on the disposition of papers to be disposed of by the Social Security Board, Federal Security Agency. Ordered to be printed.

Mr. ELLIOTT of California: Committee on the Disposition of Executive Papers. House Report No. 1437. Report on the disposition of papers by the Department of State. Ordered to be printed.

Mr. ELLIOTT of California: Committee on the Disposition of Executive Papers. House Report No. 1438. Report on the disposing of records by the Work Projects Administration, Federal Works Agency. Ordered to be printed.

Mr. ELLIOTT of California: Committee on the Disposition of Executive Papers. House Report No. 1439. Report on the disposing of records by the Work Projects Administration, Federal Works Agency. Ordered to be printed.

Mr. ELLIOTT of California: Committee on the Disposition of Executive Papers. House Report No. 1440. Report on the disposing of records by the Work Projects Administration, Federal Works Agency. Ordered to be printed.

Mr. ELLIOTT of California: Committee on the Disposition of Executive Papers. House Report No. 1441. Report on the disposition of records by the Social Security Board, Federal Security Agency. Ordered to be printed.

Mr. ELLIOTT of California: Committee on the Disposition of Executive Papers. House Report No. 1442. Report on the disposing of records by United States Office of Education, Federal Security Agency. Ordered to be printed.

Mr. ELLIOTT of California: Committee on the Disposition of Executive Papers. House Report No. 1443. Report on the disposing of records by Board of Governors of Federal Reserve System. Ordered to be printed.

Mr. ELLIOTT of California: Committee on the Disposition of Executive Papers. House Report No. 1444. Report on the disposing of records by the Department of Agriculture. Ordered to be printed.

Mr. ELLIOTT of California: Committee on the Disposition of Executive Papers. House Report No. 1445. Report on the disposing of records by the Department of Agriculture. Ordered to be printed.

Mr. ELLIOTT of California: Committee on the Disposition of Executive Papers. House Report No. 1446. Report on the disposing of records by the War Department. Ordered to be printed.

Mr. O'CONNOR: Committee on Irrigation and Reclamation. H. R. 4648. A bill to amend the act of August 11, 1939 (53 Stat. 1418), entitled "An act authorizing construction of water conservation and utilization projects in the Great Plains and arid and semiarid areas of the United States," as amended by the act of October 14, 1940 (54 Stat. 1119); with amendment (Rept. No. 1447). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ALLEN of Illinois:

H. R. 6085. A bill to amend section 2800 of the Internal Revenue Code; to the Committee on Ways and means.

By Mr. GORE:

H. R. 6086. A bill to protect the national safety and security from the consequences of price and credit inflation, and for other purposes; to the Committee on Banking and Currency.

By Mr. JONES:

H. R. 6087. A bill to change the time of the election of Representatives in Congress; to the Committee on Election of President, Vice President, and Representatives in Congress.

By Mr. PATMAN:

H. R. 6088. A bill prohibiting certain acts interfering with the national-defense program or with normal Government activity, and for other purposes; to the Committee on the Judiciary.

By Mr. RAMSPECK:

H. R. 6089. A bill to authorize the Secretary of the Treasury to order to the United States on their statutory leaves of absence officers and employees serving abroad, and to govern the payment of traveling expenses and duties while on leave, and for other purposes; to the Committee on the Civil Service.

By Mr. PADDOCK:

H. R. 6090. A bill to amend section 12 (1) of the Public Utility Holding Company Act of 1935 so that the prohibitions contained therein shall not apply to officers or directors of a registered holding company or a subsidiary company thereof; to the Committee on Interstate and Foreign Commerce.

By Mr. STRATTON:

H. R. 6091. A bill to amend section 2800 of the Internal Revenue Code; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DOUGLAS:

H. R. 6092. A bill for the relief of Jay William Stone; to the Committee on Naval Affairs.

By Mr. LUDLOW:

H. R. 6093. A bill granting a pension to Fannie Rowlett; to the Committee on Invalid Pensions.

By Mr. LYNCH:

H. R. 6094. A bill for the relief of Joseph V. Mcbile; to the Committee on Naval Affairs.

By Mr. PETERSON of Florida:

H. R. 6095. A bill for the relief of H. L. Smith, husband of Mrs. H. L. Smith, deceased, and Marguerite Smith and H. L. Smith, Jr., minor children of the aforesaid Mrs. H. L. Smith, deceased; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2072. By Mr. FORAND: Resolution of the Rotary Club of Providence, R. I., insisting that it is imperative for the welfare of the United States that legislation be enacted forthwith to prevent strikes in defense industries for the duration of the present emergency; to the Committee on Labor.

2073. Also, resolution of the American Association of Motor Vehicle Administrators of the 48 States, the District of Columbia, and Provinces of Canada, at their conference in New Orleans, La., on September 26, 1941, recorded their vigorous opposition to the adoption by the Congress of any legislation authorizing the regulation of sizes and weights of commercial motor vehicles by the Interstate Commerce Commission or any other Federal

10.0.2.5

redemption of internal revenue stamps, nor taken by a departure from the position taken by me with respect to H. R. 3087.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE,

November 24, 1941.

The SPEAKER. The objections of the President will be spread at large upon the Journal.

Without objection, the message and the bill will be referred to the Committee on Claims and ordered printed.

There was no objection.

EXTENSION OF REMARKS

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on two subjects and include therein two newspaper articles.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

PRICE CONTROL

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, in order to make a correction.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. STEAGALL. Mr. Speaker, the gentleman from Colorado [Mr. LEWIS] has called to my attention an error in the figures shown on page 5 of the report of the committee on the bill H. R. 5990. Where the figures "1940" appear on that page they should, of course, be "1941," to relate to the provisions of the bill.

Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 5990, with Mr. COOPER in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. At the end of the debate on Monday, November 24, 1941, the gentleman from Alabama [Mr. STEAGALL] had consumed 2 hours and 11 minutes and the gentleman from Michigan [Mr. WOLCOTT] had consumed 1 hour and 29 minutes.

Mr. STEAGALL. Mr. Chairman, I yield 30 minutes to the gentleman from Missouri [Mr. WILLIAMS].

Mr. WILLIAMS. Mr. Chairman, this important legislation comes before the House perhaps at a very inopportune time. There is considerable pent-up feeling and emotion on account of recent events, and I realize that it is sometimes difficult for the Members to consider legislation in a calm, cool, and dispassionate manner. However, I am very sure that the Members of this House will rise above those considerations and give to this leg-

islation the careful study and thought which it demands and requires.

In this highly controversial legislation there are perhaps some things about which we may agree. I believe it will be admitted by everybody that an unbridled and unchecked inflation will leave its disastrous consequences and blighting effects upon our national economy and all classes of our citizens for years to come.

There is no need for us to take any time in talking about the hardships and the suffering—the misery and the distress—which inflation always leaves in its wake. Those are things which we all know, understand, and appreciate.

There is one other thing which I believe is generally known and understood—that is, that great wars have always caused great economic dislocations and unreasonable price rises. During and immediately following all the major wars which we have had commodity prices have risen to twice their general normal peacetime levels. While this country at the present time—outside, perhaps, of a few skirmishes at sea—is not engaged in the general and devastating conflicts that are taking place abroad—and it is hoped that we shall not be—nevertheless, as far as our national economy is concerned, we are upon a wartime basis just as truly, in my opinion, as if there had been a declaration of war and we were in the midst of all the hostilities.

More money has been appropriated and spent and authorized to be spent already than was spent during the entire first World War. Millions of men and billions of dollars are being used and spent for national defense. Priorities and allocations have been established. War materials have the first call and civilian production is being curtailed. Consumer supplies are becoming scarce, while billions of dollars are being poured into the national spending stream.

With this condition existing, it is little wonder that wholesale commodity prices have increased during the last 2 years from 15 to 18 percent. These increases have not yet been reflected in the retail prices and the cost of living, but that will happen in the months that are ahead of us.

I believe we have begun to realize that the deadly menace of an inflationary movement is slowly creeping upon us. Our economic thinking has to be revised. Our national economy is just the reverse of what it has been during the past 10 years. We have been seeking the full utilization of our productive capacity, and it is now nearing the saturation point. We have been striving to give employment to labor. The slack is fast being taken up. We have been advocating spending. We are now advocating thrift, in order that we may have additional money with which to pay taxes and buy defense bonds. We have been seeking to increase our national income. This year it will break all previous records.

With our productive capacity at full utilization, with our pay rolls at an all-time peak, with our national income at the highest point in our history, with purchasing power increasing, with a

scarcity in consumer goods developing, with great excess reserves in our banks, with almost unlimited credit available at low interest rates, the stage is well set for a wild inflationary movement, and the time has come when some stringent and drastic measures must be taken to prevent it.

In dealing with inflationary trends, two broad fundamental problems are involved. The first is the fiscal and the monetary policy of the country by which funds are raised to finance the Government and by which money and credit are provided for the business transactions of the Nation.

The second is indirect and direct price controls. The fiscal policy of the Government is represented first by tax legislation; second by the borrowing or financing policy of the Treasury; and third by the operations of the Federal Reserve Bank System.

There is no ultimate means by which the revenue and expenses of the Government can be raised and paid except by taxation. In a great emergency like this it is always difficult to determine just how much of current expenses should be paid out of current income and how much should be borrowed. It is evidently impossible to pay it all out of current income, and it will be necessary to continue to borrow.

However, the amount of taxes raised should be as much as the national income will justify. The recent tax measure passed was rather harsh and stringent, as we thought, but other taxes and other taxation will be necessary. The very bottom of the barrel will have to be scraped, and further sacrifices will have to be made. The Treasury Department is making an earnest and a sincere effort to induce the people and the corporations of this country to buy defense savings bonds and thereby keep the financing of the Government out of the commercial banks of the country and prevent a further credit expansion and thereby prevent further inflation. The purchase of defense bonds, of course, is the safest and sanest investment that anybody can make, and it is a patriotic duty which should meet with, and is meeting with, a response from all classes of our people.

The Federal Reserve Banking System, through its over-all or fundamental controls, should and will perform in such a manner as to prevent a monetary inflation at this time. Let me say in this connection that if the legislation as it now exists is not sufficient to permit the Treasury Department and the Federal Reserve Banking System properly to function in order to check inflation, then legislation along that line should be enacted. Each one of these fields, very broad and general, involves many intricate and difficult problems which would require extensive study and consideration by the proper committees and the consideration of this House, and if legislation of this kind is necessary it should be, and will be, considered, but it has no place in this bill.

This brings us to the indirect and direct price controls. By indirect price controls, very much may be done in the

way of encouraging increased production and, especially, with the smaller business enterprises of the country. Substitutes may be developed, priorities and allocations may be extended to them in order that they may continue their operations, not only in connection with national defense, but in the production of civilian goods and for the consumption of the public. This should be done as far as possible, and then we should increase our imports of strategic and necessary critical materials in order to meet the shortage that exists throughout the different sections of the country. In this way we will increase supply and, in a measure at least, bring it into balance with demand and thereby check inflation. So we are now brought to the question of direct price control, which is the purpose of this legislation. This is an offensive term. It is something that is irksome and disagreeable to the American people. It is something that would not be recommended, endorsed, or even tolerated under normal conditions. It is needless for us to say that we do not like price control. We do not like inflation, and we do not like war, but there is no use in talking and criticizing and whining and crying about the delegation of power to carry out price control if we are going to have it and are going to check inflation. You cannot have your cake and eat it. "Business as usual" cannot go hand in hand with price control, and however much we may deplore the fact, it is going to be necessary and indispensable if we have effective price control that strong and great extensive powers be granted to somebody to carry out the program.

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I would rather not at this time. I will be glad to yield later on.

Mr. DINGELL. I just want to ask a question that is pertinent to the gentleman's discourse at this particular point.

Mr. WILLIAMS. This is no mush and milk affair. It is not a pink tea party and it cannot be handled with silk gloves. It is going to take the courage and the vision of a real double-fisted man or body of men to put into execution the policies of price control if it is going to be effective and prevent inflation, and there is no use trying to dodge that.

You say it is setting up an economic dictatorship. I say, in a large measure, yes; and if that is not what you want, then we cannot have price control.

Then we have the question of what method is to be adopted or what kind of direct price control are we going to engage in. As we all know, there have been two definite schools of thought on the subject. One of them, the over-all ceiling or over-all control. This plan is advocated by that elder statesman and great man, Mr. Baruch, a man who had much to do with price regulation and price control during the last war, and his idea in a very much modified form and in an entirely different measure, in my opinion, is being advocated on this floor by our distinguished colleague, the gentleman from Tennessee [Mr. GORE].

Let us look now at this over-all price-fixing plan. The very first difficulty that

the proponents of that measure run into is the question, If you are going to fix prices, of what date will you fix them? There is the first question, and a difficulty that they have all recognized. When Mr. Baruch was asked that question, "When will you freeze the prices, what period will you take?" his reply was, "I would go back as far as I could get by with it." In other words, his idea was to go back to that period before the beginning of this war, when economic forces had fixed what he considered were fair prices, and select that time and freeze prices as of that date. When he was further pressed for a date, he finally said January 1, 1941. That shows the absolute inconsistency and the impossibility, even of a man of his great ability, experience, and understanding, of having any definite idea as to the date when he would fix prices. Imagine the prices being fixed as of January 1, 1941, frozen at that level. Overnight, what would happen to the Price Administrator? Overnight, not next week, or next month, or next year, but within 24 hours he would have every businessman, every farmer, and practically every laboring man in this entire Nation on his hands, clamoring to have the ceiling raised and for an increase in prices. There is not a man, I believe, in this House who would dare think about voting to freeze prices on the level of January 1, 1941. There would be the greatest storm of protest descending upon us and the Administrator ever known in our history.

The gentleman from Tennessee [Mr. GORE], realizing that difficulty, has introduced three different bills in this House, and he has selected three different dates. In the first bill, or in one bill, at least, he selected the week of October 6 to 11, and in another bill he selected the date when the act went into effect, and now in his bill which he is presenting as a substitute, he has proposed the price level of this week. It shows the impossibility of selecting any time when you can fix prices without freezing into the price structure of the entire Nation all of the injustices and the inequalities that exist on that date; I do not care what date is taken, it is an insurmountable difficulty in the administration of the over-all ceiling price-control plan. But that is not the most fundamental objection to it. I ask somebody in his time, somewhere along the line, before this debate is closed, what is the sense, what is the reason, what is the excuse for freezing prices at a level below normal prices? Why fix them at that level and then require the Administrator to unfreeze them? I want somebody somewhere to explain that. You say no prices are below normal now.

Of course, they are. That is the present situation. We all know that for years we have advocated the wholesale commodity price of 1926 as the ideal, the goal to which we were striving. Why, we even passed a measure in this House early in the thirties to try to regulate prices at the 1926 level. We have always looked upon that as the proper price level. Taking 1926 as the proper level at 100, the general commodity price level today is only 91½, which shows conclusively and beyond question of doubt that

the great majority of the wholesale prices of commodities of this country today are below their normal level, instead of above it. Why freeze them there by an act of Congress and then require the Administrator to unfreeze every one of them before they can attain a reasonable, normal price level. There can be no justification or excuse for that kind of action. Why not leave them as they are. Let them by their own economic forces rise, if they may and as they should be permitted to do, to the normal level. Then if they get out of line, will be the time to take charge of them by the selective method and regulate them.

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. The gentleman will excuse me. Not now. I shall be glad to yield to anybody when I finish my statement. The committee bill before the House is a selective price-control bill. It is a bill which permits the Administrator, when any of these prices get out of line, when they rise above or far above the normal level, to take charge of them and hold them in line, not to permit them to go up to the sky. That is the difference between the two plans. If these commodities that are now below the level rise to a point where they get out of line, then will be the time for the Administrator to take charge of them, and keep them and hold them in line.

It is the thought of those sponsoring the selective price-control plan that by keeping the price of the main basic commodities at reasonable levels the general price structure can be maintained and inflation avoided.

The bill that we have before us is a bill that has been carefully and well considered by the legislative committee. It is hardly necessary for me to say that it is not an ideal bill, or that it meets with the approval in every respect of perhaps anybody; but it is the very best bill after months of careful hearings and deliberate consideration the committee could work out. It is the best that we could do, and, as we believe, represents a plan which will be effective in the enforcement of price control and in the prevention of inflation.

The bill proposed by the gentleman from Tennessee [Mr. GORE], I may say, does not have the approval, so far as I know, of a single man, except himself and perhaps one other member of the committee, in this entire country. Every man who appeared before our committee, representing labor, industry, Government representatives, and everybody else, and I will say even including Mr. Baruch, do not approve his bill. Yet we are asked to substitute that bill, as unfair and unreasonable as I think it is, for the committee bill.

Now let us take the most controversial issues, and I approach the consideration and discussion with trepidation and fear. Everybody knows that the controversial issue in this legislation is the agricultural provision and the wage provision. We have to face those issues, and we might just as well come out openly and aboveboard and do it.

Parity concept has been the prevailing idea in agriculture at least during the last

decade. That is the goal for which agriculture has been striving. That is what it has been asking for and clamoring for. Through the legislation of this Congress and by the aid of this administration, by the Agricultural Adjustment Act, by benefit and parity payments, and by the loan policy of the Commodity Credit Corporation, agriculture for the first time in 20 years has attained parity.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. STEAGALL. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. WILLIAMS. I sometimes think there is a great misunderstanding about what parity is. I want to be frank and make a confession that it took me years to get even the faintest conception of what it is. I am not sure that I understand it yet, although I have given it as close study and consideration as I could. But parity is simply placing the farmers upon the same basis with reference to industry that they occupied during the base period of 1909-1914. Parity price for agricultural commodities is giving to those commodities a price which will purchase the same amount of nonagricultural commodities as it would purchase during that period. It is a relationship, not a price. It is placing agriculture and industry upon the same relationship that they occupied during that time. That period was selected because it was thought that that period was fair and even favorable to agriculture. I say again, for the first time in 20 years agriculture in recent months has attained parity.

All of my ancestors were farmers. My forebears were among the rail splitters and pathfinders who blazed their way from North Carolina through Kentucky to Missouri. Practically all of my constituents are farmers. I resent the insinuation that has come from some sources, that the farmers of this country at this time, are seeking to take advantage of their Nation's extremity in a great national emergency in order to further their own selfish interests. I deny that. I know what the problem of the farmer is. I know his difficulties. I have lived with them. I have known what it was to toil under the burning heat of a July sun, to work in the frosty days of autumn, and in the drifting snows and blinding sleets of winter. I know that all the farmers of this country want is a fair deal. I believe that this measure gives it to them.

Now, let us look at the still more controversial issue. This bill exempts wages from its operation. That provision has been vehemently denounced in certain quarters. It is said that this is political expediency. I cannot read the motives of any other Member of this House except to say that I know that they are lofty and high and worthy, but from my standpoint I have few organized laboring men in my district, and the leaders of those organizations at times when I have been a candidate for political office have been against me. I know I do not owe them anything and I know that I am not afraid of them. Now, in view of that situation, let us look at the exemption of wages in this measure.

In the first place, no nation in the world has placed price control and wage fixing in the same governmental agency.

In the next place, during all these years the Congress has passed labor legislation, and we have well-established labor practices and policies in this Nation. If the opinion, the order, or the decree of a price administrator is substituted for voluntary negotiation and agreement between labor and industry on the question of wages, then all the labor legislation which we have passed is destroyed. The two cannot stand together. Somebody said we can repeal all of our labor legislation. Of course we can. We can do that. There is not any question about our power to do it. But I do not believe there is anybody in this House who would advocate that.

We have heard in recent months that you cannot control prices without controlling and fixing wages. I want to address myself to that question. I want to explore this hoax, this canard. I hope not only to explore it but to explode it. The record shows that all these increased prices to which we have been subjected during the last 9 months or perhaps during the last 2 years have not been due to increased wages. In the first place, up until March 1 of this year price increases preceded wage increases. If those price increases were caused by wage increases, how did it happen that increased prices came first? Since March 1 there has been a substantial increase in wages in various industries of this country. Perhaps during that period the increase in wages has outstripped the price increases. Let me ask you this question, and you think about it: If the price increases were caused by increased wages, then you would expect to find the greatest increases in the price of those commodities where the labor cost element was the highest, and you would expect the least increase in prices in those commodities where the labor cost element was lowest. But exactly the opposite is the fact. If price increases were due to increased wages, you would expect to find in those industries where the wage increase has been greatest, the greatest increase in prices, and you would expect to find no increase in prices in those industries where labor had received no increases.

The CHAIRMAN. The time of the gentleman from Missouri has again expired.

Mr. STEAGALL. Mr. Chairman, I yield 10 additional minutes to the gentleman from Missouri.

Mr. WILLIAMS. Again the record shows exactly the opposite.

Mr. DINGELL. Mr. Chairman, will the gentleman yield now?

Mr. WILLIAMS. I would like to finish. I shall be pleased to yield later.

In raw material and foodstuffs industries and semimanufactured articles, where there has been little increase in wages, where the element of labor cost is the lowest, the price increases have been greatest; while in the finished durable goods industries, where there has been a substantial increase in wages, and where the labor cost is the highest, these industries are the ones where the price

increase has been the least. So you cannot say that the increase in wages has been primarily responsible for the increase in prices. Another reason—it is a matter that is known to everybody, industry and labor alike—during the last year, whatever increase in wages has come about, whatever additional cost increased wages has been to industry, has been offset and canceled out by the increased productive capacity and the increased productivity of labor.

In other words, all the increase in cost that has come about in industry by reason of increased wages has been paid for by the additional output per man per hour in that industry, and the wage increase has not cost industry anything. This is a matter that is known by everybody connected with industry and with labor. But above and beyond all that, here is the one unanswerable, irrefutable, and conclusive proof that prices have not been increased in order to meet wage increases: it is shown in the report of the big corporations of this country that have reported during the first 9 months of this current year—take their reports as shown by the Federal Reserve System, the report of the 416 big corporations of America which have reported their net earnings for the first 9 months of this year, and they show a net increase over last year for the same period of 31 percent. Oh, you say, that does not include their allowance for taxes under the new tax bill; and I answer that it does, that they expressly set aside a reserve and made a liberal allowance for the excess and corporation taxes which they will have to pay under the new tax bill of 1941. Comparing their record with the first 9 months of last year, it shows they have a net increase of 31 percent. Now, do you tell me that they raised the prices of their commodities and of their products in order to pay labor? What is your answer to that? And what is the answer of these gentlemen who have been contending that increased wages is the cause of these increased prices? That is not it at all. Instead of paying out to wage earners these increases in prices which they have received, these industries have piled up unreasonable profits for their own benefit. According to the same report, the profits of those same industries last year were at least 19 percent more than they were the year before.

Oh, do not think they have not been taken care of. All this canard and hoax about an increase in prices having been caused by an increase in wages has nothing to it at all for the most part. I am not one to stand here and tell you that labor is not an important item in the cost of production; of course, it is. It represents 40 percent of the cost of production in the manufacturing industries of the country; and if there was an increase of 10 percent in wages, on that basis alone it would justify an increase of 4 percent in the price of the commodities.

But there is another consideration with reference to wages that in my opinion is still more vital, and that is the difference between fixing a price and fixing a wage; and if you have not already carefully thought about this, I would like

you to consider it. It is an entirely different proposition. There is a fundamental difference between fixing wages and fixing prices, absolutely so. In the first place, the fixing of prices by an Administrator is a practical proposition. Fixing wages by a price administrator from a practical standpoint in my judgment is an impossibility. He can fix prices, because for the most part the commodities and the articles of the country are standardized. For instance, 100 pounds of lead sells for the same price throughout the entire country with adjustments for the freight and handling charges. This will hold true on any market. The price of lead on the St. Louis market in recent days, let us say, is quoted at \$5.70. On the New York market it may be quoted at \$5.85. As I say, the price of lead, or any standard commodity, in the United States, is uniform throughout the country with an adjustment for transportation and handling charges.

It is the same everywhere, it is a one-price system. The Administrator can put a price on that, control it, and regulate it. He cannot do that with wages. Two individuals working here in the city of Washington on exactly the same kind of work receive different wages. There is a wage differential between cities, between geographical areas; there is a differential between industries in the different localities; and there are different scales for men and women. Why, we are told that in General Motors alone there are 1,300 job classifications and 20,000 wage scales. Now, imagine an administrator having to contend with that situation. He would be lost and enmeshed in an intricate maze of technicality and detail which he could not possibly unravel or untangle. If the bill of the gentleman from Tennessee is adopted, freezing wages at certain levels, it would affect, it is estimated—exempting those employers who employ less than eight persons—38,000,000 people engaged in every kind and class and character of work in every nook and corner of the United States. Large industries have their own technical staff that is familiar with the local details, to work out grievances between the different classes in the various industries and settle those differences. But the idea of requiring a farmer, who wanted to pay his farm hand perhaps 10 cents a day more, having to come to Washington to get that permission. To require the submission of every little grievance between employees and employers in every industry in the United States to the price administrator for adjustment is ridiculous. Why, it would not do at all, it is absolutely impossible of execution and administration. But that is what the Gore substitute bill would do.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I yield 10 additional minutes to the gentleman from Missouri.

Mr. WILLIAMS. Mr. Chairman, there is one other consideration, and to my mind this is the most fundamental of all. When you are dealing with prices, you are dealing with an inanimate object. When you are dealing with wages you are dealing with a living, pulsating,

human being. Outside of the human element that is involved in it, I want to lay down the general proposition that to fix wages by legislative act or to fix wages by the edict or the decree or the decision of a price administrator is doing an absolute injustice to the laboring men of this country. He can fix prices, but he cannot fix wages.

Why is it an injustice? I will tell you why. There is but one element in labor, that is the service he renders his employer. There is just the wage that the laboring man receives. If legislation or if a price administrator pegs that wage at a certain level it fixes his income at that point because there is only that one thing involved. When he fixes prices, there are a number of variable elements involved in it. There are a number of conditions involved in prices.

Price in general represents what? It represents the cost of production, plus the profit that the producer or the dealer makes. So there are all those elements of cost involved in it and by skillful, careful, efficient manipulation of the cost element, the producer can produce at a low cost. He can get the unit cost of production way down, by more efficient management, more favorable location, more skillful labor, better equipment, more modern machinery, decreased transportation charges, increased production, and decreased overhead. All of those things go to make up the cost. When the price is fixed, the industry that is able to keep those elements of cost at a low point has a larger margin between the cost and the price. That is its profit. When prices are fixed, the profit or the income of industry is not fixed, but when wages are fixed the income of labor is fixed.

Is it right to fix the income of the wage earner by legislative act or administrative order or edict and fix no limitation at all on the profits or income of industry?

Fixing wages is not only impracticable and impossible of administration, but it is inequitable and an injustice to labor. It is absolutely unenforceable. It is unconstitutional. We must remember that we can go into the courts of this country and take property by due process of law, but we cannot do that with labor.

In conclusion, let us go back to the bill that is proposed as a substitute for the committee bill. In that bill wages are frozen or at least left to the discretion and fixing by the Price Administrator. Do you think that is right? If you do, all right. I do not. I say it is absolutely impossible of administration, it is inequitable and unfair to labor, and it is impossible of enforcement.

On the other hand, there is not a word in the Gore substitute bill about fixing profits. I would like to see the color of the hair of the man in this House who will vote for legislation to fix, freeze, peg, and pin down, the wages of the laboring men of this country to a certain level and by the same action not attempt to place any kind of a ceiling upon the profits which are made by the industry for which he is working. Somebody somewhere along the line should give an explanation of that. Are you as a Member of this House and as a Representative of your people, going to vote for a piece

of legislation which will give the Price Administrator of this country the right, the power, and the authority to fix wages, and leave open completely and let the sky be the limit so far as the profits that the private industry for which he is working will make? If you want to do that, of course, that is your privilege. That is what the Gore bill does. It pegs down and fixes and freezes the prices which labor shall receive, but it does not place any ceiling at all upon the profits which industry may make by reason of the laboring man's toil and sweat.

If you want to say by legislative action and direct the Price Administrator under the Gore bill that these men shall work for industry, we will say at five, six, seven, or eight dollars a day and at the same time let industry make a hundred, five hundred, or a thousand dollars a day profit by reason of the work which the laboring man renders industry, that is your privilege. That is exactly what the substitute bill does.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that the gentleman from Missouri [Mr. WILLIAMS] may proceed for 10 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama [Mr. STEAGALL]?

Mr. MARTIN of Massachusetts. Mr. Chairman, reserving the right to object, I understand there are a good many people on this side who have not had a chance to talk about this bill. General debate closes tonight and I think we all ought to have some chance. I would like to ask the Chairman how the time stands at the moment?

The CHAIRMAN. The gentleman from Alabama [Mr. STEAGALL] has consumed 3 hours and 11 minutes. The gentleman from Michigan [Mr. Wolcott] has consumed 1 hour and 29 minutes.

Mr. STEAGALL. We expect the gentleman to use his time. I do not expect to interfere with the gentleman's time.

Mr. MARTIN of Massachusetts. I know, but the clock moves on. I am not going to object to this request.

Mr. WILLIAMS. I do not care for any more time.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama [Mr. STEAGALL]?

There was no objection.

Mr. WILLIAMS. Mr. Chairman, I just want to say this in conclusion, then I will yield for questions. If legislation of the kind and character suggested by the gentleman from Tennessee, or any other legislation fixing wages and not fixing profits, is enacted by this Congress into law, the wage difficulties which we have had already will be but a gentle breeze and a soft zephyr compared to the cyclonic whirlwind of protest, discord, dissension, strife, and strikes that will envelop us if we substitute the edicts and the dictates of a price administrator for the time-honored voluntary bargaining agreements between industry and labor.

Mr. DINGELL. Will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Michigan.

Mr. DINGELL. At this point I want to compliment the gentleman from Mis-

souri on the lucid, forceful explanation which he has made here for the benefit of the membership of the House on this very important bill. I do want to ask two or three pertinent questions. First, the price-fixing principle has been recognized as a deterrent to inflation, and an accomplishment and a great undertaking by Germany before she entered this war, is that not true?

Mr. WILLIAMS. That is my understanding.

Mr. DINGELL. There was a very rigid price-control system throughout all of Germany.

I should like to ask the gentleman also if there is anything in this bill that in any sense or to any degree whatever conflicts with or abridges the functions of the Consumers' Counsel of the Bituminous Coal Division.

Mr. WILLIAMS. No; I would say not.

Mr. DINGELL. The gentleman spoke about the attempt to fix prices at a level as far back as possible, and then a subsequent suggestion was made that probably they ought to be fixed as of January.

Mr. WILLIAMS. That was Mr. Baruch.

Mr. DINGELL. Yes; that suggestion was made by Mr. Baruch. Is there not a danger that if you go too far back and fix prices at too low a base you will create confusion, conflict, and chaos, instead of attaining orderly price control?

Mr. WILLIAMS. I do not believe there is any question about that. As I tried to point out, if you did that you would have every businessman, every farmer, and the laboring men of the country on you overnight, trying to get the price ceiling raised.

Mr. DINGELL. Would not these abnormally low, arbitrary prices fixed as of say 1932 or 1933, at the depth of the depression, bring such low prices that they would increase the demand for the products and defeat the purpose which we have in mind at this time? Am I correct in my deduction?

Mr. WILLIAMS. I think so.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Kentucky.

Mr. SPENCE. I should like to know the gentleman's opinion with reference to selecting a base period in the future, where the facts cannot be ascertained and where we cannot act on any definite information. In the Gore bill the base period was first fixed at the date this act should become effective, and now it is fixed as of this week. We could get only half the truth out of this week, because probably half the week will be in the future when we pass the bill.

Mr. WILLIAMS. That would not only encourage inflation, hoarding, and excess inventories, it would be an absolute invitation and an encouragement to that kind of action.

Mr. SPENCE. The speculators would attempt to rig the market this week.

Mr. WILLIAMS. There would be increased inventories, and the hoarders and the speculators would all be invited to come in and use their wiles on that kind of a situation.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Massachusetts.

Mr. HEALEY. If the Administrator were authorized to fix the wage scales for every wage earner in America, that could not be done in an arbitrary way or overnight, could it? Even if a bill were passed giving him that authority, you would not expect the wage scales for all the workers in America to be fixed overnight by any administrator.

Mr. WILLIAMS. No; that could not be done overnight. As I tried to point out, if you freeze wages at the present level or the level as of any other date selected, it gives the Administrator the authority to make the adjustments up and down, and he would have millions of adjustments to make, rather than letting industry make the adjustments themselves, which they are doing in thousands and hundreds of thousands of cases to which the public attention is not called and about which we know nothing.

Mr. HEALEY. I believe the gentleman has anticipated my next question. Would not the whole process of collective bargaining be negatively by the enactment of such legislation?

Mr. WILLIAMS. The two of them cannot stand together. If you are going to make the Price Administrator's order or edict the law, then of course collective bargaining and voluntary agreement between labor and industry goes out the window. The two cannot stand together.

Mr. HEALEY. The principle of collective bargaining which this Congress has established would be repealed overnight by the passage of any such legislation?

Mr. WILLIAMS. That is my opinion of it.

Mr. STARNES of Alabama. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Alabama.

Mr. STARNES of Alabama. The statement made by the gentleman from Massachusetts would be correct for a permanent policy, but does not the gentleman believe that it is necessary that we take some unusual action to meet any emergency? And is not this purely an emergency measure, so conceived by the committee?

Mr. WILLIAMS. I do not believe, myself, that it is necessary to repeal all the labor legislation we have.

Mr. STARNES of Alabama. But does the gentleman not think that labor is one of the causative factors in the cost of production?

Mr. WILLIAMS. I said that. There is no question about it.

Mr. STARNES of Alabama. Probably the chief one?

Mr. WILLIAMS. It is one.

Mr. STARNES of Alabama. The gentleman stated that you cannot legislate a ceiling upon labor. Is it not a fact that by legislation we established a floor under all wages in all business and all industry everywhere under the flag? Did we not do that?

Mr. WILLIAMS. Of course. If I had an hour to discuss that question with the gentleman, I should be glad to do it. I believe I could convince even the gen-

tleman from Alabama of the difference between establishing a floor, just one floor under wages, as distinguished from placing, you might say, one ceiling over wages. The gentleman would not advocate placing one ceiling over wages, would he?

Mr. STARNES of Alabama. Certainly not, but what I am driving at is, can you not establish a ceiling for this edifice and then make the adjustments between the floor and the ceiling?

That is what I want to bring up to the gentleman. I want a constructive suggestion.

Mr. WILLIAMS. Of course not. You cannot place one ceiling on wages. You could do it; I do not mean to say it cannot be done, but I do not imagine there would be anybody in this House or anywhere else advocating placing one ceiling on wages and then making every adjustment to the 38,000,000 workers of this country below that ceiling.

Mr. STARNES of Alabama. Is that not exactly what is being done, though? Will not my colleague admit that is exactly what is being done through the process of collective bargaining?

Mr. WILLIAMS. It can be done by collective bargaining and by personal, voluntary agreement; it can be done. But to place that burden upon a price administrator and expect him to do it is the thing I am talking about, and that is what this substitute bill proposes, and it is absolutely impossible from an administrative standpoint.

Mr. STARNES of Alabama. Would you not prefer to place it in the hands of a price administrator under Government control or under control of Congress, rather than under a John L. Lewis?

Mr. WILLIAMS. That is not the question here.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield.

Mr. MASON. I am interested in the statistics on profits that the gentleman gave with respect to the 600 large corporations for the last 2 or 3 years. As I understand it, the gentleman said that the average increase in the profits of these 600 corporations in 1940 over 1939 was 19 percent and that they had increased their profits for the first 9 months of this year over 1940, 31 percent, which means an increase for the 2 years of 50 percent, but as a corporation, if I made 1 percent profit in 1939 and I am now making a 50-percent increased profit, I still may not be getting a fair return on my investment, and the same thing may be true of the 600 corporations to which the gentleman referred. Therefore, it seems to me the figures are not pertinent.

Mr. WILLIAMS. It so happens I did not go back quite far enough because the same figures show that these same corporations in 1939 made twice as much as in 1938.

Mr. MASON. That might be true, but it all depends on the profit they made in 1938, upon which has been piled these percentages of increase on that profit. The gentleman did not state that the 19 percent or the 31 percent was a profit of that amount on their investment, but that it was an increase on the profit that

they made in that base year, which might mean nothing.

Mr. WILLIAMS. But it does happen to mean a whole lot because the fact is that they were making a good profit in 1838 and still more in 1937. Of course, if you go back far enough and take into consideration some of these corporations during the extreme depression years, they, perhaps, were not making very much profit, and I am not one who is here to say that you should take all the profits out of industry and destroy production.

Mr. MASON. Oh, no; that is not the question.

Mr. WILLIAMS. I am glad to give them a reasonable profit on their investment, but what I am saying is that the figures show conclusively that these price raises were not the result of wage increases; that it was not necessary to make these increases because they were not paid in wages, but were piled up as profits for industry.

Mr. MASON. Of course, a 19-percent increase in the profits in 1940 and a 31-percent increase in the profits of 1941 mean nothing if the base of 1939 was one-half percent profit, maybe, or a 1-percent profit, because then they would still be less than a profit of 2 percent.

Mr. WILLIAMS. Yes; but that does not happen to be the fact.

Mr. MASON. I understood that was what the gentleman said.

Mr. WILLIAMS. That is not what happened.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield 20 minutes to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Chairman, I think I may well say we have a very able Committee on Banking and Currency. This would be agreed if you should read the hearings. I indulge myself in the hope that many of you will peruse them. The members of the minority party forgot politics, and nearly all of us voted to report the bill that is now before you. We helped to plan this forest price control, but since this bill has been presented to you, the committee has been called back into session and some very poisonous trees have been planted. They will be offered in the way of amendments. Therefore, the minority-party members will now have great difficulty in deciding, in the end, as to whether they can support the measure. And why were these poisonous trees planted? Why should a committee of that caliber, to which I have just paid a high tribute, after voting two to one to delete these items in the original bill, reconsider and recant, and every man on the majority side vote to put them back again? Is it possible that such purely political pressure can be exerted upon such able and experienced legislators? It ruins the temper of the members of the minority, members who decided to cooperate and who believe some price control is necessary.

I am next to the ranking member on the committee. The gentleman from Michigan [Mr. WOLCOTT] spoke on yesterday. He made a most effective argument, comparing favorably in effectiveness with the remarks of the gentleman from Missouri [Mr. WILLIAMS], who pre-

ceded me. Both presented powerful arguments, showing a complete grasp of the problem, and I wish to say to the gentleman from Michigan, "It requires more skill than I can tell to play second fiddle well." However, I wish to support him as best I can and keep in tune with his forceful presentation. He is very fearful—and so am I, and very often have I stated—of the New Deal's attempt to make America over. I read a day or two ago the words of an able writer that the New Dealers are planning and watching and participating in every possible move with a view to rushing forward their program of domestic reform under the guise of defense necessity. We fear that. Many of us on the committee and, seemingly, many of you were and are somewhat intoxicated with animosity toward Henderson.

When he came before that committee there was staged an unusual proceeding. We are seldom informed in advance who would be appointed administrator of a new bureaucratic set-up. Names are presented to the Senate for confirmation, and there the fitness of the candidate is explored. In this case we knew who would be the Administrator and it seemed important to examine the fitness of the man for such a highly important responsibility. I myself questioned him for nearly two entire forenoons as to his views and fitness. I confess that I am not an agreeable inquisitor. He won me over. I am glad to acknowledge it. I had exhausted a good deal of inquiry as to his activities in the New Deal. He has had remarkable success in his recent handling of price control with its present limitations of enforcement. I hardly think he has a judicial mind. Seemingly during the past years he has been hunting down the reprehensible things in business and greatly enjoying it. I think he has been regarded as an enemy of business. I suggested to him, "You must know that businessmen will be frightened of you, and you have done nothing until very recently to allay their fears." But he is extremely able and exceptionally well informed. After undergoing questions for many days as to his fitness, as well as to his personal views, he has reassured us as to his outlook and intentions in administering this legislation. I think we will find him sympathetic with the troubles of the businessman. I feel that this new contact with the multiplicity of harassments endured by those trying to carry the burdens of our economic life will give him a greatly changed viewpoint.

I asked him if he was on that wrecking crew called the Securities and Exchange Commission for 3 years. He agreed that he was a member but disapproved of my appellation. I suggested, "We have reviewed your activities on the T. N. E. C. Did you pick your witnesses, did you coach them, did you refuse to hear some who wished to testify? Did you arrange everything to your own satisfaction to embarrass businessmen?" He denied this, of course, and I could only say: "You ought to be grateful to me at least for giving you the chance to refute, for these things are generally accepted to be true." He acquitted himself well. Somebody said on yesterday that we

should forget personalities and talk about principles. Well, if you pass this bill he will be the principal, no matter how you spell it. So you may discuss it both from the standpoint of principle or principal. I am glad to be able to acknowledge that although I was with you, "somewhat intoxicated with animosity toward him," he sobered me up, and if we must have this price control I am fairly well satisfied that he will administer it with courage, and I think with good sense.

The gentleman from Michigan [Mr. WOLCOTT] said that we should have a board, an advisory board to review his decisions. Well, I don't know. I do not know whether it would be a help or a hindrance. A board can be invaluable, or it can be exactly otherwise. It is questionable. I presume I shall vote for it, because the gentleman from Michigan is my superior, and he favors it. It sounds well. But I realize the risk we are taking if the majority of the board should be too ardent new dealers.

I believe in a selective price control as this bill before you provides. An old adage, "Better let one suffer than a nation grieve." Where the fire is burning, subdue it. Yesterday the gentleman from Tennessee [Mr. GORE] wanted to burn the whole ranch. I want some of the grass left to grow.

The gentleman from Missouri [Mr. WILLIAMS], who just took his seat, did not talk much, if any, about the poisonous tree they are now putting in, namely, the licensing provision. If this provision is added to the bill, I fear that I shall have to vote against the legislation. I trust it will be fully debated and fully understood. However, they have changed the wording of it in the last few days in a frantic attempt to make it palatable. They assure us that ample warnings would be given and no hasty action contemplated. I am not reassured. And if you take away the license of Chrysler, how many men will be thrown out of a job? They will attempt to assure us that if the storkeeper sells paregoric at a higher price than the ceiling price, that they will take away his license only as to the sale of paregoric. Those bland assurances do not convince me. It would be too foolish to license in that manner. A license is something that jeopardizes your right to carry on business. It would not be so subdivided. They had a very restricted license authority during the World War relating to mining, metals, and articles relating to defense. We recall that reasonable men were in authority at that time—not new dealers, who so ardently advocate regimentation.

Let us talk about Mr. Baruch for a moment. I would refer to a picture that we saw of the young gentleman from Tennessee [Mr. GORE] and the old gentleman from New York, Mr. Baruch, in a recent issue. I recalled an old saying, "A young man's vision is an old man's dream." The old man's dream is, "Oh, if I only had this power when I had charge of price control back in the World War," dreaming of what he could have done. Power once granted feeds upon itself until only absolute dictatorship sufficeth.

This dream is now the young man's vision. If this power is now granted

what great accomplishment could be obtained?

Lest we get confused I wish to place in the RECORD at this point a few words of the gentleman from Tennessee spoken yesterday. In reply to a question as to whether the bills were not quite similar, he said this:

The two bills are as different as day and night.

A very clear and definite answer.

He further declared:

The bill which I propose, the over-all bill, places not by administrative decree but by legislative enactment of the Congress.

In effect he stated:

It will be price control by law and not by men.

But we have a circular coming in from him this morning saying that his bill is as elastic as the imagination or desire of the administrator. Consistent?

Mr. MAY. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. MAY. Since the gentleman mentioned the licensing-system set-up, I would like to have him elaborate a little by comparison to find out if possible what is the difference between the present O. P. M. priority set-up and what would be the similarity of the licensing system as compared with that.

Mr. GIFFORD. They are somewhat similar in grant of authority, but the priority authority is probably more devastating than this. In reference to the license feature, a new idea has been presented only this morning. Will it be more reassuring?

The committee had little chance to consider it. They now say they would not license the storekeeper to sell paregoric. They will license him on a margin-of-profit idea. He can manipulate prices as he pleases, but in general he would be allowed only a certain margin of profit in his general business. So that if there is a scarcity of anything and people are willing to pay a high price, he need pay no attention to ceiling prices. If he desires to offer sales leaders to attract customers, he can sell them at such low prices as to greatly increase his gross sales. Perhaps that is equitable and proper, but I am very suspicious and need to sleep on it—

Mr. DONDERO. Will the gentleman yield?

Mr. GIFFORD. Yes; I yield to the gentleman.

Mr. DONDERO. May I suggest to the gentleman from Kentucky [Mr. MAY] that priorities deal with defense material largely, if not entirely, while this deals with everything.

Mr. GIFFORD. Yes; but priorities affect everything generally. Many, especially those not dealing with defense articles, will be put out of business because of priorities. The Army and the Navy are taking great quantities of all kinds of goods and, it is claimed, hoarding them, and the gentleman from Kentucky [Mr. MAY] must do something about that. Do not let the Army or Navy buy a 2-year supply and place the little businessman where he cannot get any goods or material and force him out of

business. If the morale of small business is broken down, our future is dark, indeed.

Mr. MAY. I understand exactly what priorities have meant and what they are doing; but, as I understand this bill, it provides that the Administrator may issue a license to business to do business, and if they violate the terms of the license he can revoke it and stop them from doing business.

Mr. GIFFORD. Yes.

Mr. MAY. I regard that power as greater power than O. P. M. has.

Mr. GIFFORD. It is indeed a frightening power. Take away the license to do business and employees are thrown out of their jobs. Truly a mischievous grant of authority productive of dire results. The minority members of the committee will stand against it. I repeat the members of the whole committee voted 2 to 1 to delete it from the original bill. To whose siren voice have they been listening and became enthralled?

Mr. HINSHAW. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. HINSHAW. While most of us have not had the benefit of the long study given by the gentleman and his committee, does the gentleman think that this bill, either with or without—certainly with the amendments now proposed by the committee—holds any similarity to the old N. R. A., perhaps except for the fact that business and labor have nothing to say about the price?

Mr. GIFFORD. To me there is great similarity, especially in the object of regimentation to be attained, and to place all business under the tender mercies of a Government now manned by a crew of enthusiastic persons determined to make America over.

I do not think the gentleman from Missouri explained the plight of the high-cost producer. He hardly had time to talk about that. He felt forced to spend much time on the question of wage control. He disposed of that phase of the subject with unanswerable logic. What will happen to the high-cost producer? Copper, for instance, can be mined by some producers at 12 cents or less per pound. It may cost the high-cost producer 18 cents a pound. We must have every ounce of production of copper. What about the sale price? One price to one, another price to another? Must there be favoritism? What have they in the bill? Read clause (e) in that particular section. The Government is to step in and buy from the high-cost producer and pay a price that will assure him a profit. This morning, at the last minute of the session of the committee, a revolving-fund amendment was voted. Contemplate Uncle Sam's vast storekeeping venture of the future. Is that the only remedy to meet this situation? Seemingly the Administrator might allow the high-cost producer to ask higher-than-ceiling prices in cases where scarcity of the article would make buyers willing to pay such prices. But could this work out fairly to processors of the raw material? No; only Government subsidies seem to be the answer. If ceiling prices are to be adjusted to fit all such conditions as to guarantee a profit to producers and

jeopardize the processors, it would cause confusion, indeed. There are high-cost producers all over this Nation in a great variety of businesses. They have heretofore met competition, but a ceiling price to limit profits on low-cost producers would produce havoc on others.

Mr. Henderson realizes the danger. He constantly repeated his determination to keep up production by all producers and fully realized that the Government must subsidize or buy and sell as contemplated in this bill. It is not a cheerful outlook.

Again Uncle Sam will be the greatest storekeeper of all times and probably lose much money in his operations.

However, we must not do anything to limit production, and some way must be devised. Is not this a poisonous tree to have injected into this legislation? But what else can we do? About contracts. The Gore bill does make contracts valid. There is supposed to be an amendment in this bill, if it has not been changed so much that we do not recognize it. Suppose a man agreed to sell something at a price higher than the ceiling later fixed by the Administrator. You could deliver and invoice at no price higher than the ceiling price no matter what price was formerly agreed upon. Probably millions of contracts are now in jeopardy under the present conditions because they contain a clause saying in effect that if the ceiling prices already made or to be made by the Administrator be proven not valid in law the sellers give no notice that they will sue for the original contract. Mr. Henderson has apparently been very successful up to this time, but many buyers anxious to get goods agreed to pay more than the ceiling price determined upon after such agreements. However, the processors themselves have had to sell according to their ceiling price and must not be forced to keep their original agreements. We must validate these things done by the Administrator and make such validation retroactive.

We Republicans wish to weep with the farmers just fully as much as you Democrats do. We also need their votes. We must not let you outdo us in protecting the farmers. The gentleman from Missouri said he grew up on the farm and painted for us a picture of himself working in the blinding sleet of winter. I have chased and milked cows in the blinding sleet of winter also. I of course rejoice that the farmers are being so well taken care of in this bill. We Republicans rejoice with you Democrats at the farmers' good fortune, because we also need the farmers' votes in the next election. Perhaps my conscience may rescue me later.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield 10 additional minutes to the gentleman from Massachusetts.

Mr. GIFFORD. As for wages and monetary control, I am satisfied that they should not be in this bill. We ought to have some wage control under the present conditions. But I do not want Mr. Henderson to have any more power than is contained in this bill. He will have enough responsibility in this phase of inflation restraint. You should pass some other form of legislation under other jurisdictions already functioning.

I remind you that most of the recent strikes have not been for higher wages but were jurisdictional disputes or to force men to join unions against their will. Already a multiplicity of boards have been spawned to take care of such situations.

This administration in its handling of the labor problem has been very gingerly. The chickens have now come home to roost, and I will let them roost a little while as far as I am concerned. The problem is fairly and squarely up to your President. I do not think he can duck it much longer. He must soon allow a very subservient Congress pass badly needed curbing legislation. As far as this bill is concerned, do not give any labor legislation to Mr. Henderson. But I am extremely anxious for monetary control. In spite of the advice of its own Federal Reserve Board, this administration refuses to act. This is a most dangerous existing condition and encourages inflation. The gentleman from California [Mr. Voorhis] recognizes this. However, we differ greatly in the remedy to be applied. Some \$60,000,000,000 of credit seems to be available. You can now borrow money easily. Banks are eager to loan. This administration has built up a vast credit structure. It is now their greatest danger. But the credit of the United States must be preserved. Vast sums must be now available to buy bonds and business must not be allowed such profits that they can afford to outbid the Government in interest rates. Our New Dealer money doctors, up to this time, have so successfully strangled business that they could not compete even with very low interest-bearing United States bonds. To the suggestion of the Federal Reserve Board that curbs be placed on money legislation, Mr. Morgenthau threw up his hands. It is not strange. A vast reservoir of money must be at his disposal. It must be manufactured under powers already granted if the people do not buy the bonds.

We may be forced to more coin clipping. The minute our people do not buy those defense bonds we must resort to such measures. As long as the people are not allowed to see the clipped coin they will not worry too much. So it is decided not to place any monetary control in this bill, although it is far the most serious thing with which we are confronted. I will ask the gentleman from California if that is not right.

Mr. VOORHIS of California. I follow the gentleman's contention very heartily. Furthermore, I intend to offer an amendment to the bill to provide a dollar-for-dollar reserve on demand deposits. I wonder if the gentleman will support it.

Mr. GIFFORD. No; oh, no. I do not put my Government still further in the loaning business. If you have got to have a dollar-for-dollar reserve behind all deposits, the banks will have no money to loan.

Mr. VOORHIS of California. I do not want to put the Government in the lending business either; in fact, I would like to get the Government out of the lending business, but I do not think you are ever going to get the Government out

of the lending business until you get the banks out of the business of creating money, which I think is a governmental function. Until you take from the banks their power to create money, you cannot safely exercise it in two places at once.

Mr. GIFFORD. The gentleman and I go the same road about so far, then we separate. Of course, that is natural. I am sure he will never arrive at his destination. But he and I have great respect for each other.

Mr. VOORHIS of California. That is right.

Mr. GIFFORD. Some people are wise; some otherwise. I am sure he thinks we are both wise, so it is all right.

Mr. VOORHIS of California. Is the gentleman speaking about himself in that case, because if he is, I understand?

Mr. MAY. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Kentucky.

Mr. MAY. Just a few years ago the committee of which I am chairman made a very extensive study of the question of price fixing and reported a bill; but we were up against the difficulty of figuring out some average price in peacetime or some policy in peacetime that would fit wartime. As a result of that, and the fact that none of us were apparently completely satisfied with the bill, we never did call it up. The gentleman raised one question awhile ago that I am vitally interested in. That is the question of where a man has a contract fixing a price of a product to be delivered within a certain time. Is there any provision in this bill to provide where he can go, or who he can go to, authorizing him to go to some court for an adjudication of his rights?

Mr. GIFFORD. There is supposed to be a provision in this bill. I think it is in the last bill, wherein all contracts are validated according to Mr. Henderson's ruling or price fixing. The Gore bill does take care of that and has better language than our own. But that is scant praise for the Gore bill.

I have one or two matters more, and then I will relieve you of listening. Some things are good for a large family, but would not be so good for a small family. Canada has price control. They had selective price control, but on the first of this month they are having a try at an all-out control. Now, Canada's experiments are not yet convincing. They are a different people. They have a different morale at this moment. They are at war. We do not know whether an all-out price control will work there or not. They are just trying it out. What may be good for them may not be good for us. So I am a little hesitant to follow the lead of Canada at the moment.

Did Mr. Baruch mesmerize the Rules Committee? Of course, he is a grand old man. Beware of personalities lest they confuse you. The Gore bill is plainly not what Mr. Baruch recommended. It is lacking in many conditions that Mr. Baruch thought were highly important. Somebody called the Gore bill the Baruch bill yesterday. The gentleman from Tennessee I admire greatly. He has a great future, but I warn him "that the heat of his argument in the affirmative is often

more fatal than the argument of his opponents." He has spent many days and nights on this. He is very enthusiastic about his bill, yet he has constantly changed it as he finds its provisions impossible or impracticable. Yesterday it was price control by act of Congress. Today it is as flexible as the imagination or the desire of the Administrator may make it. Let us have price control over selective things that are getting out of hand. The Administrator may select as many as he may think necessary, providing a certain date is clearly impossible.

No man could select a date without tremendous dislocation of business at a time when the very maximum of production is needed. Contemplate the adjustment of prices on all articles at the same moment. We now suffer weariness in trying to explain to our constituents priorities and many other governmental interferences. Make this bill just as harmless as you can and still be effective. That is my decision. I acknowledge the necessity for some legislation. When textiles were getting out of hand and speculation rife, Mr. Henderson intervened, and after accepting advice and assistance seemed to settle the matter largely to the satisfaction of all. I want to support him in such endeavor. But let us not go too far and yield to the siren voice leading to regimentation and dictatorship. We should suffer much rather than yield to that.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. GIFFORD. Mr. Chairman, when I turn to these various notes I have here I find it would take a great deal of time, and I think you have heard enough from me, anyway. I thank you for your patience. May I say again I think very highly of the gentleman from Missouri. He is one of the most able men we have ever known in the House. He is a great student. I advise you never to take an assignment to follow him in debate. I yield back the balance of my time.

Mr. WOLCOTT. Mr. Chairman, I yield to the gentleman from Ohio [Mr. SMITH] such time as he may desire.

(Mr. SMITH of Ohio asked and was given permission to revise and extend his own remarks in the Record.)

Mr. SMITH of Ohio. Mr. Chairman, the study of the price control bill (H. R. 5990), which I am presenting is confined principally to what I consider the basic disease progress of the economy which underlies and causes price inflation. (Much of the data upon which this discussion is based will be found in connection with my interrogations of witnesses before the House Banking and Currency Committee on the price-control bill, Seventy-seventh Congress; especially of Mr. Leon Henderson beginning on page 773; Secretary of the Treasury, Hon. Henry Morgenthau, Jr., beginning on page 1148; and Hon. Marriner S. Eccles, chairman of the Board of Governors, Federal Reserve Board, on page 1326.)

The administration witnesses who testified before our committee in favor of the passage of the price-control bill, notably Mr. Leon Henderson, present Price Administrator of the Price Administra-

tion and Civilian Supply and the likely administrator of this act if it is passed; Mr. Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System; and Mr. Henry Morgenthau, Jr., Secretary of the Treasury, predicated the need of political price control solely upon the dislocation of our industry caused by the extraordinary armament program. The passage of this bill, they claim, is made necessary because of an emergency brought on entirely by foreign wars. They were specific in claiming that no part of the need for price control developed endogenously, or because of anything we did in the United States, that it all came about because of foreign wars and a threat of foreign nations against us.

These witnesses were unanimous in asserting that the political price control which this bill would set up would be of a temporary nature; that it would be routinely terminated at or near the end of hostilities, or when the threat to our Nation had ceased to exist. They predicated abandonment of price control on our experience in connection with the war of 1917-18.

They were also in full accord with each other as to what the factors are that cause price inflation. To them the formula of price inflation was very simple, and they stated it thus: The extraordinary armament program has brought about a substantial shift from the production of the necessities of life to the production of war goods. At the same time, it has also caused an absolute increase of production and, hence, of payment media, or what is commonly called purchasing power. This situation results in an absolute shortage of common consumer commodities and both an absolute and relative increase of payment media. In turn, this results in a greater demand for the remaining common commodities and a greatly enhanced purchasing power, which, under the law of supply and demand, inflates prices.

Though there was unanimity of agreement by the witnesses mentioned that no effective check on rising prices could be effected with the political machinery alone which this bill would set up, that in addition to this higher taxes would be needed to narrow the inflation gap, whatever the inflation gap may be, that rigid control over credit would have to be exercised, that broader powers would have to be given to the Federal Reserve authorities over member bank reserves, that deficits would have to be financed more by the sale of Government securities to the public and less through the banks, and so forth, yet even the need of all these means for curbing price inflation was attributable by them to the extraordinary armament effort.

Another attitude of mind expressed by the administration witnesses was that price inflation is not so much an effect or symptom of a disordered condition of the social and economic organism, but that it is more a disease entity in itself of the economy.

Mr. Henderson stated categorically that it is not a symptom but "pretty much" a disease in itself. The idea of these witnesses seems to be in harmony with the popular view of inflation in

limiting their conception of it largely to a rise in prices without taking into consideration the basic causes which underlie it.

Significantly apparent, as though inspired by the same source, was the unanimity in emphasis by nearly all of the administration witnesses that the political control of wages should be excluded from the bill. Mr. Bernard Baruch wanted wages included, but was singularly outspoken in opposing the inclusion of a prohibition against strikes.

The immediate objective sought by the proponents who testified in behalf of this measure is the prevention of hardships which commonly accompany undue price rises and to save money to the Government. But the real and fundamental purpose of this measure, they claim, is to "preserve our democracy."

Such, in substance, it appears, are the leading thoughts and ideas as expressed by the administration witnesses in their testimony in support of the price-control measure. Such, perhaps, also, are the ideas, in general at least, of others who favor it.

I think an examination of the grounds for this thinking and the premises upon which these witnesses predicate the need for political price control will show them to be faulty in many respects. Indeed, I think this will show that the witnesses took a superficial view of the problem of inflation; that, in fact, they hardly touched its fundamental aspects.

Certainly we cannot approach any solution of the problem of an undue rise in prices until we have disabused our minds of all thought that such a rise is a condition which must be dealt with per se. It should hardly be necessary to argue that undue price rises are merely effects or symptoms of deeply lying causes. This should be so self-evident as to require no mention. But since this view is strongly prevalent, its fallaciousness must be exposed because it implies the dangerous assumption that inflation of prices can be prevented by direct application of remedial measures and without regard to the causal factors producing it.

Ordinarily, the elucidation of any problem requires definition of the terms in which it is stated. To facilitate an understanding of the question under consideration, therefore, it might seem advisable at this point to define the term "price inflation." This, however, I shall not do because there is the greatest confusion and lack of agreement among professional economists, as well as of publicists and writers, in defining inflation. I feel any attempt to define the term at this point would serve more to add to this uncertainty than to clarify it.

I think it may serve the purpose of the present endeavor better if we examine the pertinent factors that are involved and leave it to the judgment of the student to formulate his own definition.

However, it should probably be stated at the outset that the definition of price inflation given by Mr. Henderson in his testimony before the committee, and which was substantially concurred in by the other administration witnesses, is so

narrow and so palpably limited in scope that it can apply to but a very minor part of the inflation process. As stated, Mr. Henderson defined price inflation as a shortage of common commodities and an increase of payment media or purchasing power and attributed both these factors exclusively to the extraordinary armament effort. He specifically denied that past or present governmental policies play any part in causing an undue rise in prices. But Mr. Henderson broke his own definition down completely under questioning, as will be seen in the hearings.

Mr. Henderson unequivocally admits there that there need be no absolute shortage of civilian goods to produce price inflation.

It is not to be inferred that I do not recognize that the disordered economy which is being produced by the priorities, allocations, and so forth, may cause a rise of prices. On the contrary, I fully appreciate that some price rises can be caused through the disturbance of the correlation of production of civilian goods and payment media that must result from the present program. My contention is, however, that there is far more to the present problem of price inflation than this, and that to grasp anything like its true nature and significance requires that we give consideration to much more than is involved in the immediate changes of the economy attending the extraordinary armament program.

Certainly there is complete agreement by all students of price inflation that quantity and quality of payment media are basic physical determinants in the production of price inflation.

In the great inflations during and following the war of 1914-17, they were almost the sole physical determinants, and so great were the redundancies of payment media, and so completely were they deteriorated in quality, as compared with the amounts of civilian goods shortages, that the latter could have been only of comparatively little importance as a cause of those price inflations.

The table below which relates to Germany during the period of her wildest inflation illustrates this point.

Year	Paper money circulation (billions of marks)	Wholesale prices (1913=100)
January 1920----	78.5	14.4
December 1921----	122.5	34.9
December 1922----	1,295.2	1,478.8
December 1923----	1,496,585,345,900.0	1,261,600,000,000.0

Year	Production (1913=100)	
	Agriculture	Industrial
1920-----	62	61
1921-----	63	77
1922-----	69	86
1923-----	69	54

¹ Quintillion.

Table relating to the period of Germany's inflation. Figures taken from Edwin W. Kemmerer's, "Money" (pp. 288 and 291).

The above table shows the following: By December 1923 the paper-money circulation in Germany had increased to 6,000,000,000 times more than it was in

January 1921. During the same time wholesale prices increased 87,000,000,000 times. From 1920 to 1923 agricultural production went up 7 points while industrial production dropped 7 points.

From this it will be seen that civilian goods shortage could have played no part, or certainly no more than a very minor one, in that astronomical rise in prices.

The Russian inflation provides us with another exemplification of the same principle. Says Arthur Z. Arnold, in his work, *Banks, Credit, and Money—Soviet Russia*, on page 90:

The year 1918 witnessed a more rapid pace in the depreciation of the currency and this is reflected by the changed relationship between the growth of the volume of currency, over 37 times the pre-war volume, and the rise of the price level, 164 times as high as the pre-war level. At the end of 1919 a volume of currency 138 times the pre-war volume was accompanied by a price level 2,420 times as high as the pre-war level. At the end of 1920 the respective figures were 717 and 16,800. At the end of June 1921, which approximately marks the end of the period of war communism, the respective figures were 1,440 and 80,700, while at the end of 1921, when the effect of the new economic policy was already felt, those figures stood at 10,753 and 288,000.

It is true that industrial production in Russia was at a very low ebb during the period 1918 to 1921. Maurice Dobb, in his *Russian Economic Development Since the Revolution*, on page 95, quotes Professor Prokopovitch as estimating:

That by 1920 the number of workers employed in industry was less than one-half that of pre-war, while the average productivity per worker had fallen to 30-35 percent, and the total output of industry to the amazing figure of 14.5 percent.

From this it would appear evident that there was a great shortage of common consumer goods. That this shortage played some part in raising prices there can be no doubt, but, as in the case of the German inflation, it is clear on its face that the huge excess of currency was the controlling factor, that the factor of civilian goods shortage played a very minor role in causing it.

Indeed, the important point to be grasped here is that it was the very redundancy of currency in Russia, Germany, as well as the other countries which experienced great inflation following the war that played the major role in causing the shortage of common consumer's goods. Maurice Dobb, on page 95 of the work just quoted, referring to the Russian inflation, states thus tersely the principle here involved:

It was this situation of extremity—the fact that the "incentive limit" of inflationary levies on the peasantry had been reached and the almost complete "drying up" of all the monetary sources of government revenue—that was responsible for the system known as war communism rather than any desire to apply an "a priori theory."

France's post-war inflation supplies us with still another example. Walter Blenk, in his *A Study of French Post-War Inflation and the Present American Situation*, on pages 13, 18, and 35, supplies the following data:

The note circulation increased quite steadily from 37,274,000,000 francs in 1919 to 52,448,000,000 francs in 1926. During the same period the commodity prices (1913=100) rose quite steadily from an index of 423 in 1919 to 627 in 1926. During the same period of time also, the French volume of production (1913=100) increased steadily from 62 in 1919 to 123 in 1926.

Here we have an outstanding example of a great rise in prices in a period when the amount of common consumer goods was also greatly increased, where the factor of redundancy and deterioration of payment media apparently alone caused the rise in prices.

Many more experiences could be cited to show the inapplicability of the definition of price inflation upon which the witnesses predicated the need for price control. There was the experience of the French with the assignats and mandats; the Colonies with their paper issues; the Confederacy with her paper issues; the North and the greenbacks; John Law and his "Mississippi bubble." Redundancy and deterioration of payment media was in all of these cases the cardinal causative factor of price inflation. To be sure, civilian goods shortage did take place in all of them to a greater or lesser extent, and perhaps did contribute in some small measure in pushing prices upward. But here, also, the civilian goods shortage was itself caused largely by the corruption of money.

Del Mar, on page 261 of his *Money and Civilization*, says:

There can be little doubt that the excesses of the Reign of Terror were greatly promoted by the operation of the assignats and mandats. This money caused so rapid and tremendous a rise of prices that all vested interests were deprived of value, all fortunes were leveled, and the social order was broken down.

Andrew Dixon White, in his *Fiat Money Inflation in France*, in reference to the "general development of the theory and practice" pertaining to the issuance of the assignats and mandats said:

It came by seeking a remedy for a comparatively small evil infinitely more dangerous. To cure a disease temporary in its character, a corrosive poison was administered, which ate out the vitals of French prosperity. * * *

It brought, as we have seen, commerce and manufacturers, the mercantile interest, the agricultural interest to ruin. It brought on these the same destruction which would come to a Hollander opening the dikes of the sea to irrigate his garden in a dry summer.

It ended in the complete financial, moral, and political prostration of France. * * *

The acute suffering from the wreck and ruin brought by assignats, mandats, and other paper currency in process of repudiation, lasted nearly 10 years, but the period of recovery lasted longer than the generation which followed. It required nearly 40 years to bring capital, industry, commerce, and credit up to their condition when the Revolution began, and demanded a "man on horseback" who established monarchy on the ruins of the Republic and threw away millions of lives for the Empire, to be added to the millions which had been sacrificed by the Revolution.

Thus we see at once how narrow and superficial the definition is which was given by the witnesses of price inflation,

and how very limited their definition is in its application.

Let us now examine the condition of our money, credit, and finances which has resulted from the Government's policies. This is vital to an understanding of the problem of price inflation.

Mr. Henderson and Mr. Eccles admitted that certain payment media, notably direct Government obligations in the banks, are inflationary. Somehow they would not concede that these were redundant, or at least sufficiently so that they played anything more than a secondary role in causing undue price rises.

It is true they agreed that certain controls be set up to curb these inflationary forces. But when one examines their testimony it is apparent they were more concerned with setting up controls over the effects of deeply lying inflationary processes than over these processes themselves. Significant, indeed, is the fact that none of them urged the discontinuance of the dangerous inflationary policies of the Government. Instead there was both overt and tacit approval by the administration witnesses of the continuation of those policies. We shall return to this point later.

When the Government spends money which it has received in taxes, that is not regarded as being inflation.

When the Government spends money which it has received by borrowing from the public, by selling its obligations to it for their real savings, that is commonly considered not to be inflation.

When, however, the Government finances its deficits through the banking system, that is regarded by the initiate, bankers, Treasury and other Government officials, as being inflation, or inflationary. It is not so understood by the public in general, who believe the funds raised by the Government through the banks are no different in nature than any other funds raised outside of taxation.

The reason deficit financing through the banks is considered inflationary is because the Treasury does not actually sell its securities to the banks.

Through the Federal Reserve banks Government obligations are distributed to the commercial banks throughout the banking system, where they are set up as deposits. The Treasury then checks against these deposits to pay its operating costs.

CIRCULATING PAPER CURRENCY INFLATION

There is perhaps no way of knowing the exact amount of circulating paper currency that is required to carry on a specified volume of business. The only criterion that I know of for determining this is gold convertibility. When all forms of paper claims are at the option of their holders in fact fully convertible into gold, then I think we are reasonably safe in saying there is no overissue of paper promises to pay.

Though I am not certain that all paper issues were at all times during the twenties in fact fully convertible into gold at the option of their holders, I assume the amount of paper currency circulation was fully adequate to carry on the business which was conducted during that period.

The average annual realized national income in current dollars for the 10-year period 1920-29 was \$68,258,000,000—National Industrial Conference Board. Economic Almanac 1941, page 334. The average annual amount of money—paper currency, gold, and silver—in circulation for that 10-year period was \$4,862,000,000. There was no increase of money in circulation during that period.

The average annual realized national income in current dollars during the 11-year period, 1930-40, was \$60,951,000,000. This is \$7,300,000,000 less than it was in the previous 11-year period. Yet during this time the average annual amount of currency in circulation was \$5,976,000,000. There was an increase of circulating currency during this period from \$4,756,000,000 to \$7,848,000,000, or \$3,092,000,000, or 65 percent.

Beginning with the year 1930 convertibility began to be restricted and less free. Just how much perhaps never can be known. By the end of 1932, however, convertibility had virtually ceased to exist and, of course, through the bank holiday in March 1933 it was destroyed completely. By Executive edict and by law it was abolished permanently.

Taking all these factors and circumstances into consideration, along with the deterioration of the currency through the Silver Purchase Act and the monetization of silver at perhaps more than five times its free market value, and other money tamperings, I think we are safe in assuming that the increase of \$3,092,000,000 of circulating currency in the latter 11-year period over the former represents a redundancy, or inflation of currency.

CHECK CURRENCY INFLATION IN THE BANKS
FROM THE DEPOSIT OF DIRECT GOVERNMENT
OBLIGATIONS UP TO JUNE 30, 1940

The Treasury during our participation in the War of 1917-18, resorted to this means of raising funds. On June 30, 1919, the commercial banks held more than \$5,000,000,000 of direct Government obligations, which was approximately the amount they were holding in 1929 when the depression descended upon us.

In June 1933, the banks held roundly \$7,500,000,000 of direct Government obligations; by June 30, 1940, approximately \$13,000,000,000 of this inflationary paper.

It should be mentioned that in addition to the direct obligations, the commercial banks hold a considerable amount of indirect or "guaranteed" Government obligations. These latter should probably be regarded as at least partly inflationary.

Let us next consider the redundant check currency, or bank deposit inflation produced when gold is purchased by the Treasury.

This particular phase of the inflation problem requires special consideration. We are dealing here with one of the most devious and sinister monetary phenomena in all history.

Up to June 30, 1940, the Treasury had acquired, nearly all from foreigners, roundly \$13,000,000,000 of gold at \$35 an ounce. By August 6, 1941 it was carrying on its books approximately \$16,000,-

000,000 worth of gold at \$35 an ounce, which represented the gold stock that was added to the amount held at the time of gold debasement, January 31, 1934.

What did the Treasury use to pay for this gold? In section 8 of the Gold Reserve Act is prescribed what shall be used to pay for it. It reads in part as follows:

With the approval of the President, the Secretary of the Treasury may purchase gold in any amounts, at home or abroad, with any direct obligations, coin, or currency of the United States authorized by law, or with any funds in the Treasury not otherwise appropriated.

This is plain. It means the Treasury shall use money from its ordinary receipts, taxes, customs, and so forth, or direct Government obligations to pay for the gold it acquires.

But does it pay for the gold it acquires with any of these payment media? The following colloquy took place between myself and Secretary of the Treasury, Mr. Morgenthau, at the hearings on the price control bill (p. 1152). It will be noted that Under Secretary of the Treasury, Mr. Bell, answered most of my questions, but specifically at the request of Mr. Morgenthau. Also it will be seen at the end of the colloquy, as shown here, that Mr. Morgenthau fully subscribed to all Mr. Bell said. Therefore, the answers to my questions are those of Mr. Morgenthau, as well as of Mr. Bell:

Mr. F. C. SMITH. What do you use to pay for this gold?

Secretary MORGENTHAU. Could Mr. Bell go through the operation of going to the bank and everything else?

Under Secretary BELL. If a country imports gold into the United States it is presented to the assay office, we will say in New York, and the New York assay office gives the importer or the bank or whoever it might be, a check on the Treasury, what we call a gold-fund check, and that check is cashed just like any other Government check. It is deposited by the recipient in his bank and creates a deposit.

Then, when that check goes around the circuit and comes into the Federal Reserve bank and it is charged to our account. It depletes the Government's balance with the Federal Reserve banks, and then in turn we issue gold certificates against that gold, and receive a credit for the gold certificates with the Federal Reserve banks, thereby replenishing our account.

Mr. F. C. SMITH. And you pay for the gold with gold certificates?

Under Secretary BELL. The gold pays for itself; it is money; it is just an exchange of one form of money for another.

Mr. F. C. SMITH. What does the law say on that? Section 8 of the Federal Reserve Act of 1934 reads: "With the approval of the President, the Secretary of the Treasury may purchase gold in any amount at home or abroad, with any direct obligations, coin, or currency of the United States, authorized by law."

That is what the law prescribes you shall use to pay for this gold. What do you use?

Under Secretary BELL. We use a Government check which is payable in any coin or currency. Anybody can present that check to the Treasurer of the United States or a Federal Reserve bank and he can get currency or silver coin.

Mr. F. C. SMITH. That is quite enigmatic. I am just wondering, is the cost of this gold reflected anywhere on the books of the Treasury? Does it enter into the debt?

Under Secretary BELL. The gold does not enter into the debt. It enters into the mon-

etary system, and is shown on the daily statement every day.

Mr. F. C. SMITH. Well, it does resolve itself into this, that you pay for it with a gold certificate.

Under Secretary BELL. We get a credit for the gold certificate that we issue to the Federal Reserve bank, which is backed by the gold.

Mr. F. C. SMITH. But in the end, that is all that the United States Treasury gives out for this gold, is that true or not? Has it anything else to show that it paid for this gold except the gold certificate?

Under Secretary BELL. That is all that we have to show, but the importer of gold has a bank credit to show, or bank deposit to show for it.

Mr. F. C. SMITH. But you have set up a deposit in the banks?

Under Secretary BELL. That is right; it increases the deposits. Gold earmarked in favor of a foreign government does not, of course, enter our monetary system.

Mr. F. C. SMITH. But you printed the gold certificate, so you paid for the gold with fiat, did you not?

Under Secretary BELL. No; a gold certificate backed by gold is not fiat currency, if I understand the word "fiat."

Mr. F. C. SMITH. But you bought the gold, purchased the gold, and now you set up a deposit in the banking system of this \$15,000,000,000?

Under Secretary BELL. In fact, that is what was done, you exchanged the gold for a deposit in the bank.

Mr. F. C. SMITH. Who exchanged the gold? The foreigner brought the gold in, and the Treasury issued a gold certificate and sent it to the Federal Reserve bank, which in turn set up a credit in some member bank in favor of the foreigner who sold the gold to the Treasury. Is not that the fact? It was given to the foreign merchant, or the foreign seller of the gold; that is the way the transaction operates?

Under Secretary BELL. Let us say the Chase National Bank brought the gold from abroad. Now, they own the gold, and they sell it to the Treasury and we give them either currency or a check and that is the payment for it. If some foreign bank imports it, then they get a credit on the books of the Chase Bank which is their payment.

Mr. F. C. SMITH. When you issue currency that is a temporary proposition until you get the transaction adjusted, until you make your so-called gold-certificate deposit, and then your check transaction is canceled out. It is through the gold certificate that the credit in the bank is set up.

Under Secretary BELL. That replenishes our account and in fact the gold has paid for itself.

Mr. F. C. SMITH. Would you say, Mr. Secretary, that the United States Government is carrying the cost of this gold?

Secretary MORGENTHAU. If you mean, are we carrying it on our books at cost, yes; but there is no cost to carry it.

Mr. F. C. SMITH. Somebody paid for it; who is paying for it?

Secretary MORGENTHAU. Mr. Bell tried awfully hard to explain it.

"The gold pays for itself." Wonderful, indeed, if true. The trouble is it is untrue. Fact is the gold is paid for with goods produced by the American people, though its actual cost, as we shall see, is being borne by the depositors of the commercial banks.

Mr. Morgenthau admits that at the end of the gold acquisition transaction the only thing that appears on the books of the Treasury to show what it has used to pay for the gold is a record of having given out so-called gold certificates. He

admits that the cost of the gold is not reflected in the public debt.

Consequently, it is clear that the Treasury does not use any of the media to pay for the gold that the law prescribes shall be used. Since the Treasury, therefore, pays for the gold with so-called certificates, and since these are printed pieces of paper which cost the Government nothing it is clear that the Treasury pays for the gold with fiat.

It is important to keep in mind that the Federal Reserve banks are forbidden by law to own gold or use it in the domestic economy. Section 2 of the Gold Reserve Act of 1934 reads:

(a) Upon the approval of this act all right, title, and interest, and every claim of the Federal Reserve Board, of every Federal Reserve bank, and of every Federal Reserve agent, in and to any and all gold coin and bullion shall pass to and are hereby vested in the United States.

Then section 15 of the same act defines the term "United States" as follows:

As used in this act the term "United States" means the Government of the United States.

This makes it clear that the ownership of gold is vested wholly in the Federal Government, that the Federal Reserve banks do not have title to a single grain of gold.

But what have the sellers of gold, foreigners and domestic producers, received for their gold? Have they received nothing more than printed bits of paper whose intrinsic value is worth no more than its scrap value for the roundly sixteen billions of gold which they have sold to the Treasury at \$35 an ounce? Indeed they have. They have received \$16,000,000,000 worth of American goods for their \$16,000,000,000 of gold.

How is it that the Treasury pays for the gold with fiat and yet the seller of gold receives American commodities for it? By what magical process does this fiat metamorphose into goods?

Let us see. Perhaps we can best understand how this takes place by following the principal steps in the process.

Suppose a foreigner or domestic producer has a million dollars of gold which he wishes to sell to the Treasury.

The Treasury writes a check for \$1,000,000 against its account in a Federal Reserve bank to the gold seller for his million dollars of gold. The gold seller deposits this check in bank X where he receives credit for \$1,000,000. It is with this credit, of course, that he buys a million dollars worth of American goods.

Bank X deposits the check with the Federal Reserve bank which in turn credits the reserve account of bank X with \$1,000,000 and debits the Treasury account by a like amount.

This depletes the Treasury account in said Federal Reserve bank by \$1,000,000.

The Treasury then sends to the Federal Reserve bank a gold certificate for \$1,000,000 and in return the Federal Reserve bank credits the Treasury account with \$1,000,000. Thus, at the close of the transaction the Treasury account with the Federal Reserve bank remains the same as before it acquired the gold, yet the Treasury has acquired \$1,000,000 worth of gold.

It is important to keep in mind that the ownership of the gold is vested in the Federal Government, that the Federal Reserve banks are forbidden to own any gold. Also that the so-called gold certificates cannot circulate or be used outside the Federal Reserve banks, and that they cannot be converted into gold, except where the gold is for export.

Real bank deposits result from production and distribution transactions. They represent real assets and values in some form, actual wealth already in existence or in the process of creation.

But credit deposits which the Treasury creates when gold is purchased do not result from production and distribution transactions. They represent no real assets or values whatever, no actual wealth already in existence or in the process of creation. They are the purest kind of fiat—strictly pseudo credit deposits.

These pseudo credit deposits become additional claims against the assets which support existing deposits. Since the volume of claims has thus been increased without a corresponding increase of assets, it is evident that the value of all claims is correspondingly reduced or diluted.

What really happens in this process is that the gold is paid for by the bank depositors of the commercial banks. It is these people who carry the cost of the roundly \$16,000,000,000 of gold acquired by the Treasury since 1934 at the high price of \$35 an ounce. This \$16,000,000,000 of bank deposits is inflation. This inflation must remain in our banks until either the process is reversed and the pseudo credit is taken out by exporting the gold, or until the present law is changed and the gold is given over to the bank depositors who have actually paid for it.

During the period from February 28, 1929, to June 30, 1940, before and independent of any extraordinary armament program, the inflation of circulating currency and of bank credit produced by the deposit of direct Government obligations and the pseudo gold credit deposits resulting from gold purchases at \$35 per ounce, amounted to \$24,700,000,000.

Between June 30, 1940, and August 6, 1941, there was an additional increase of circulating currency, of bank credits produced from direct Government obligations—last date figures available, December 31, 1940—and from pseudo gold credits, amounting to \$5,523,000,000. Little or none of this increase can be attributed directly to the extraordinary armament program.

Adding to the sum of these two—\$24,700,000,000 plus \$5,523,000,000—the \$4,930,000,000 of direct Government obligations remaining in the commercial banks on June 30, 1929—which were left over from the World War and post-war financing—we have the grand total of \$35,153,000,000 of currency and deposit inflation as of August 6, 1941.

Of great importance also is the potential currency and credit deposit inflation. Under the present banking system with its reserve arrangements, currency and deposit expansion possibilities are so enormous as to transcend comprehension.

Table 55 (a) below shows the actual expansion of circulating currency and credit deposits which has already been produced.

Table 55 (b) shows the potential expansion of circulating currency and credit deposits.

TABLE 55a.—Actual increase of circulating currency, direct Government obligations in the commercial banks, and bank deposits created in connection with gold acquisitions for three separate periods: (a) From the end of February 1929 to the end of February 1933; (b) from the end of February 1933 to June 30, 1940; (c) from June 30, 1940, to Aug. 6, 1941

[Figures from official sources]

Gold and other currency in circulation:	
At the end of February 1929	\$4,411,000,000
At the end of February 1933	6,258,000,000
Increase	1,847,000,000
Direct Government obligations in commercial banks (left over from World War and post-war Treasury financing):	
June 30, 1929	4,930,000,000
June 30, 1933	7,455,000,000
Increase	2,525,000,000
Total increase of currency and direct Government obligations in commercial banks from end of February 1929 to end of February 1933	
	4,372,000,000
Currency in circulation:	
At end of February 1933	6,258,000,000
At end of June 1940	7,848,000,000
Increase	1,590,000,000
Direct Government obligations in commercial banks:	
June 30, 1933	7,455,000,000
June 30, 1940	13,065,000,000
Increase	5,610,000,000
Deposits in banks created in connection with gold acquisitions at \$35 an ounce up to June 30, 1940	
	13,128,000,000
Total increase of currency, direct Government obligations in commercial banks and deposits in banks in connection with gold purchases from end of February 1933 to June 30, 1940	
	20,328,000,000
Total increase of currency, direct Government obligations in banks and deposits in connection with gold purchases from end of February 1929 to June 30, 1940	
	24,700,000,000
Currency in circulation:	
June 30, 1940	7,848,000,000
Aug. 6, 1941	9,795,000,000
Increase	1,947,000,000
Direct Government obligations in banks:	
June 30, 1940	13,065,000,000
Dec. 31, 1940	13,922,000,000
Increase	857,000,000

Deposits in banks created in connection with gold purchases at \$35 an ounce:	
June 30, 1940-----	\$13,128,100,000
Aug. 6, 1941-----	15,847,000,000
Increase-----	2,719,000,000
Total increase of currency, direct Government obligations in commercial banks and deposits in banks in connection with gold purchases from June 30, 1940, to Aug. 6, 1941, and dates given above---	5,523,000,000

Grand total increase of currency, direct Government obligations in commercial banks and deposits in connection with gold purchases from end of February 1929 to Aug. 6, 1941, except as shown in dates given above----- 30,223,000,000

Mr. Chairman, to this last figure of \$30,223,000,000 add \$4,930,000,000 of direct Government obligations in the commercial banks, left over from World War and post-war financing, as of June 30, 1929, and we have the figure of \$35,153,000,000. Practically all this amount represents inflationary currency and deposits.

The total amount of deposits in the commercial banks as of June 30, 1941, was \$53,930,000,000. The total amount of currency in circulation as of August 6, 1941, was \$9,795,000,000. The sum of the two is \$63,725,000,000. Thus it is seen that more than 55 percent of the total commercial bank deposits and currency is inflation.

EVOLUTION OF POTENTIAL EXPANSION OF BANK DEPOSITS AND CURRENCY FROM APR. 30, 1917, TO AUG. 6, 1941

TABLE 55 (B)

Potential expansion of bank deposits as of Apr. 30, 1917, on the basis of reserve requirements permitting an expansion of deposits 10 times the size of reserves. Excess reserves of the Federal Reserve banks-----	\$15,748,000,000
Potential expansion of bank deposits as of Feb. 28, 1933, on the basis of reserve requirements permitting an expansion of deposits 10 times the size of reserves:	
Excess reserves of the Federal Reserve banks-----	29,847,000,000
Excess member-bank reserves-----	3,170,000,000
Total-----	33,017,000,000
Potential expansion of bank deposits and currency as of June 30, 1940, excess reserves of the Federal Reserve banks (on the basis of reserve requirements permitting an expansion of deposits 6 times the size of reserves) ¹ -----	183,953,000,000
Excess reserves of member banks (June 26, 1940) (on the basis of the same reserve requirements as above)-----	41,142,000,000

Reserves from further gold debasement (on the basis of the same reserve requirement as above)-----	\$61,950,000,000
Greenbacks (Thomas Inflation amendment)-----	3,000,000,000
Silver currency (entire stock of silver can be monetized at \$2.58 an ounce)-----	5,500,000,000
Total-----	295,545,000,000

Total potential expansion of bank deposits and currency as of Aug. 6, 1941:	
Excess reserves of the Federal Reserve banks (on the basis of reserve requirements permitting an expansion of deposits 6 times the size of reserves)-----	211,605,000,000
Excess member-banks reserves (on the same basis of reserve requirements)-----	30,000,000,000
From further debasement of the gold dollar (on the same basis of reserve requirements)-----	70,386,000,000
Silver currency (entire stock of silver can be monetized at \$2.58 an ounce)-----	5,793,000,000
Greenbacks (Thomas Inflation amendment)-----	3,000,000,000
Total-----	320,784,000,000

¹Since the above calculations were made the Federal Reserve Board has changed the reserve requirements of member banks so that the multiplier is now 5.5 instead of 6. This, however, does not alter the figures as of the date of the above calculation.

NOTE.—An error was made in the figures showing potential credit expansion on page 12893 of the CONGRESSIONAL RECORD, Sept. 30, 1940. They should be rejected.

Mr. Chairman, it is important to note in the tables above that the development of currency and deposit inflation, actual and potential, is separated into two principal periods—that which took place up to June 30, 1940, and that which developed since then.

The purpose of making this separation is to show that the corruption of our money and credit was fully developed before there was any extraordinary armament effort, and wholly independent of it.

The Federal debt, which increased from, roundly, \$16,000,000,000 from 1930 to approximately \$43,000,000,000 in June 1940, was out of control and the money and credit were in a state of chaos before the armament program began.

The basic and root cause of any threat of price inflation that may now be facing our Nation is this gravely diseased condition of our money, credit, and finances. Our armament program is a secondary factor but may well be the spark that kindles the flame.

The only possible real cure for inflation is the removal of the basic cause, the restoration of our money, credit, and finances to a healthy state.

Political machinery may for a time suppress the effects or symptoms of this economic malady, but it can never do more than that. It is just as impossible

to cure inflation or prevent its ultimate effects with the political price control which this bill sets up as it is to cure maniacal insanity with a strait jacket.

Strange to say, however, instead of going to the source to cure inflation our Government is feeding the disease by adding still more inflationary currency and credit to it.

Are we not here, in the main, repeating the familiar experience of nation after nation, past and present, attempting to force people with the strong arm of the law to accept overissues of paper currency at a higher value than their real value?

Great caution should be exercised before believing too implicitly that price control will be terminated at the end of hostilities.

Any hope of terminating price control that is predicated on the experience in connection with the World War in 1917-18 is on unsound ground. The conditions existing then were altogether different than they are now.

Along with the other leading nations, our economy in 1917-18 was in a fairly sound and healthy condition. Political planning, a delectable term for communism, though it had even before that time began to show strong signs of life, was still too feeble to do much damage.

Practically, we were still on the true gold standard. Though politically planned money and banking was inherent in the Federal Reserve Act, it had not then developed to a place where it prevented the gold standard from functioning in a fairly normal manner.

Freedom of contract prevailed. Private property was safe. Private industry was vigorous and strong. Up to that time our country had never been confronted with a problem of permanent unemployment. There was practically no Federal debt before 1917. The three branches of Government and the Constitution were functioning normally. Though vast powers were given the President during the World War, the idea that they might be used to destroy private industry, or that they could lead to a permanent military or communist dictatorship was hardly dreamed of.

When we started the armament program in 1940 our economy was in a highly diseased condition. The Federal debt was \$43,000,000,000, \$26,000,000,000 of which had been created in peacetime. Political planning was strongly entrenched and had already gone far in despoiling the economic and social organism. It had completely destroyed the gold standard and placed our Nation under the domination of irredeemable paper currency. By abolishing the standard unit of value it destroyed the essential element of the free-contract process. Long-term industrial contracts, as shown in the almost moribund condition of the new corporate capital market were reduced to a small part of their normal amount. Private property was gradually losing its protection and being consumed by the state. Basically, private industry was lethargic and weak. The country was confronted with the problem of chronic great unemployment.

The three branches of Government were virtually merged in one, the Executive. The Constitution was seriously undermined. A gigantic, powerful, and costly mushroom bureaucracy under highly centralized dictatorial control had fastened itself upon the Nation, and was in the process of completely regimenting agriculture, labor, and industry. Political exploitation of all endeavor and enterprise had become a colossal business. Great fear already prevailed throughout the land that the vast dictatorial powers possessed by the bureaucracy, and which were being rapidly enlarged, were being used to establish a communistic state.

Indeed, when we look back over certain activities of the bureaucracy we begin to doubt that the pending measure is altogether a device to meet an emergency situation, as we are asked to believe, and fear that it may be the natural development of the political planning which has in the last few years been substituted for free private enterprise.

Prices of agricultural products have been placed more and more under political control since 1933. Today the A. A. A. with its now almost unlimited power to dictate the acreage and the kind of crops to be planted, in conjunction with the Commodity Credit Corporation with its more than \$2,000,000,000 authority to make loans on and purchases of all sorts of crops, is in position to control in great measure all agricultural prices. These agencies, without additional powers, will in due time, if left to their own devices, fix all farm prices and regiment agriculture completely.

We have political price fixing of coal through the Guffey Coal Act; of oil and its products through the Connally "hot-oil" bill (Public Law 158, 76th Cong.); of a great multitude of nationally known staples through the Federal Trade Commission, and so forth.

Through the multitude of political lending agencies, interest rates are now almost completely dominated by the political authority. This is one of the most far-reaching and effective powers for controlling prices of commodities.

But the really all-embracing power for controlling and fixing prices is that which the supreme political authority now possesses through the gold prohibition law and the irredeemable paper currency.

Here is the source of all the powers that are required to fix all prices, all wages, all salaries. Indeed, with this power political price fixing of everything is already in the making.

The explanation of this is simple. There are but two primary means for producing prices. The one is the free-contract process, where without political let or hindrance, and, with full Government protection, men are free to voluntarily enter into agreements with each other to sell to and buy from each other labor, services, and goods, with the free use from hand to hand of gold coins and bullion to measure and store the exchange values of the things they sell and buy, in a free market in control of the natural laws of supply and demand. The other is the political authority which

fixes prices arbitrarily by legislation and decree.

The former being now abolished, only the latter can function.

Therefore, if the present moneyless regime is not broken, political price fixing, regardless of whether this or any other price bill is passed or not, must increase at an accelerating rate and cannot be stopped until all prices, incomes, and wages come under the complete domination of the bureaucracy; until despotism, of which this is the worst kind, is completed.

Can it be expected that the political control over prices which this bill sets up can be abandoned unless we go to the root of the matter?

Under the present governmental policy redundant payment media are continually being increased. If this is permitted to continue, certainly there will be more reason for political price control at the end of hostilities than there is now, because the basic disease which causes this inflation will be greatly aggravated.

It was pointed out heretofore that the greatest inflations occurred after, not during wars.

However much we may hope to save what may be left of our democracy and free enterprise process by the direct control of prices, we shall fail utterly unless we remove the deep-seated disease which now afflicts our money, credit, and finances.

Mr. WOLCOTT. Mr. Chairman, I yield 15 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, I wish to announce at the beginning of my remarks that I shall be very glad to yield to anyone who is interested enough to ask questions, and I shall do the best I can to answer them.

Mr. Chairman, this bill was introduced on August 1. On August 5 the hearings opened before our committee and ran, altogether, about 37 days of actual hearings, not full days, but in many cases morning and afternoon sessions, and some of the afternoon sessions ran until 5 or 6 o'clock in the evening. The 2 volumes of the hearings indicate that a lot of information went into the record.

The chairman of our committee was extremely courteous and kind to everyone on the committee, I believe, and particularly he was exceedingly considerate of the requests I made. During the hearings I interrogated Mr. Henderson approximately 3½ days straight running, and tried to get as much information on the bill as I could from him.

The great surprise to me about the whole approach was that the administration—and when I say administration I refer particularly to the President of the United States; Mr. Eccles, chairman of the Board of Governors of the Federal Reserve System; Mr. Morgenthau, Secretary of the Treasury; Mr. Wickard, Secretary of Agriculture; and Mr. Henderson, speaking in the powerful position which he holds at the present time—had a compromising attitude, a piecemeal approach, and an unwillingness to do what is necessary to prevent price inflation. The stock

in trade argument was to the effect the Price Administrator should not be given powers too broad or too great over factors other than prices.

All over my district and all over my State are many people who feel that we should do something very effective about preventing a runaway in prices. With that I agree. I believe almost every member of the committee was willing, at least at the beginning, to do whatever was necessary. I believe the Congress of the United States, including practically all the Members of the House, if not all, and the Members of the other body, were at the beginning willing to do what is necessary. I believe the people of the United States were in a receptive mood. But, in my opinion, we of the committee, and we of the House before we are through with this bill, will make one of the most diabolical approaches possible, and I am afraid we shall get into the field of intellectual dishonesty in dealing with our people on this subject, and this because our people will expect us to enact a law which will actually prevent disastrous inflation which if it occurs, will reduce their standard of living and bring many other disappointments.

If you will refer to page 395 of the record you will find that I submitted to Mr. Henderson this question:

Now, let me ask you this: Do you actually believe that with this proposal as here presented, if enacted into law, that you can regulate prices and prevent inflation?

Mr. Henderson replied categorically:

No; without the assistance of other governmental policies, as I have indicated several times and am glad to do so again.

I did not ask him to repeat at that point because he had stated over and over again that the bill as presently constituted and as being advocated by Mr. Henderson and members of the Cabinet would not do the job of preventing inflation.

Let me say here that along with the farm interests who appeared before our committee and along with the representatives of manufacturing interests of this country, both of whom emphatically stated that they were willing to go all the way, I am ready to go all the way and do what is necessary. I am not willing to take the provisions of this bill as it will finally be reported to this House with amendments which are to be offered by the committee. I am not willing to go along with that bill and mislead the people of this country and do a thing which I think is very unjust and which, in my opinion, will create as much industrial chaos as anything this Congress is likely to do, and this because we grant such vast powers to an administrator, and all without effectively preventing inflation. And this we do with our eyes open on the effect of our proceedings.

I do not know of any approach which can bring into the minds of the people more delusions than the approach which we are about to make here, and which has so often, down through the pages of history, been made by people in times of emergency, where they started out to save the world by an attempt to regulate prices. I think under the price-regulat-

ing delusion as many people are misled as under any other delusion with which legislative bodies ever have to deal, and I think that is absolutely our situation here today.

If we want to prevent inflation, and certainly that is the announced purpose of this bill, if it has any purpose; if we want to prevent inflation, we must necessarily eliminate, modify, or counteract the causes of inflation.

Let us look at a few facts in the matter.

We are engaged in a money feast. We are engaged in the dance of the billions. We had a money feast during World War No. 1. We had a money feast during 1929. We had a money panic in 1933, and beginning in 1939 we started the grandest, boldest, widest, deepest, and highest money feast in all the pages of recorded history. This present money feast is the big prime mover in this inflationary spiral about which we hear so much these days from high-ranking Government officials. They know full well the cause, but say little about it.

There is nothing in this bill to deal with that situation. That is what Mr. Henderson was referring to when he said in substance, "No; you have to do other things."

On June 20, 1917, the Treasury Department informs me, we had demand deposits in the banks of \$11,200,000,000 and money in circulation of \$4,877,000,000. Total that up in your mind. In round figures it amounts to \$16,000,000,000.

On June 29, 1929, we had demand deposits of \$22,300,000,000 and money in circulation, currency and coin, of \$4,700,000,000. Add that up. We find that amounted to a total of only \$27,000,000,000; but \$9,000,000,000 more than in the 1917 period. Now, what do we have today? On June 30, 1941, we had demand deposits of \$35,500,000,000, and money in circulation, coin and currency, as of September 1941, of \$10,100,000,000, a total of \$45,600,000,000, or \$18,600,000,000 more than we had in 1929 and about \$29,600,000,000 more than we had in World War No. 1. Startling figures to anyone who wants to realize the full facts.

Just as fast as we finance these deficits by placing these securities in the portfolios of the commercial banks of this country we run up these demand deposits and thereby place in the hands of our individuals, partnerships, and corporations the wherewithall to promote the forces of inflation. That is exactly what the people of this country will do in the absence of Federal legislation and enforcement to prevent them from doing so, and Mr. Henderson is smart enough to know that. He has no idea of preventing inflation by means of the provisions of this bill. In my opinion, this is a bucket-shop operation designed for the specific purpose of giving him capital-punishment power over American industry, and I do not propose to go along with it. It is all too great a price to pay if we are to just flirt around with this problem so serious to our people. The power he is asking is so great that we can well afford to demand results in exchange therefor.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Kentucky.

Mr. ROBSION of Kentucky. Many of us did not have an opportunity to hear Mr. Henderson. Would the gentleman briefly state what other legislation or changes in the policy of the Government would be necessary in order to prevent inflation effectively?

Mr. CRAWFORD. I believe I can name most of them.

Our friend the gentleman from Missouri [Mr. WILLIAMS] pointed out the operating profits for the 9 months of the current fiscal year of 430 corporations. I believe he mentioned that the profits showed somewhat over 30 percent gain in the previous period, after allowing for taxes, as he pointed out.

What are we going to do about the dance of the billions and the dance of the millions which are walking into the pockets of newly made millionaires under this war program, especially in the face of the fact that the President of the United States has repeatedly told the people of this country that he was not going to permit such a thing to happen? The President knows full well that this whole program is designed in a way and operated along lines that practically guarantee the making of many millionaires, war millionaires, if you please. Has the President at any time requested the enactment of legislation that would prevent the making of war millionaires? I ask you to cite the record if he has so requested.

If excessive profits are being made by individuals with an "inside pull," by corporations which are "in the gravy" on negotiated contracts or otherwise, by those who get "free rides" in the vast financing operations of the Treasury it means you have got to enact drastic tax laws, recapturing some of this money, or this purchasing power of these billions which the Treasury, through the enactments of the Congress, pours out to the people.

Mr. WOODRUFF of Michigan. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. WOODRUFF of Michigan. The gentleman realizes fully, I am sure, that the proposal of the Secretary of the Treasury of a tax of 15 percent on the pay rolls of the country will not reach the gentlemen to whom is now referring and who are now being made millionaires?

Mr. CRAWFORD. Of course, it will not reach them and, furthermore, I have not any idea that this House will, during the next 12 months, pass a law which will impose a check-off of 15 percent on the industrial pay rolls of this country.

Mr. WOODRUFF of Michigan. But the gentleman does know that that was a proposal that was submitted to the Ways and Means Committee by the Secretary of the Treasury?

Mr. CRAWFORD. It certainly was, and it was one of the things which the Secretary of the Treasury threw out undoubtedly as a trial balloon, and he got his political reaction from the people.

Mr. WOODRUFF of Michigan. Will the gentleman let me suggest at this point that I think he will agree with me that that particular proposal which we

have just discussed has the approval of the President of the United States, otherwise it would not have been submitted to a Committee of Congress by a member of his Cabinet?

Mr. CRAWFORD. There is no question in my mind about that.

Now, another point would be, for instance, dealing with the excess reserves of the member banks of the Federal Reserve System. Suppose you wiped out those reserves and made it more difficult for the commercial banks to buy these bonds and thereby run up the demand deposits of the people; and another point would be greatly increased social-security scale-offs; another would be enforced savings, we will say, for the purpose of purchasing defense bonds; another would be deferred wage payments; another would be the creation of rehabilitation funds to be paid back to the corporations of this country during the post-war period in order to preserve their capital structure at that time; and still another would be the adoption and use of consumption cards. Thus we see many very important factors are being left out of consideration. These are some of the things that Mr. Henderson was referring to, none of which this bill deals with; and when the Secretary of the Treasury was before our committee and the Governor of the Federal Reserve Board was before our committee I gave them both plenty and ample opportunity, and other members of the committee did likewise, to say and to recommend to us that we do some of these things. But you will find that Mr. Henderson said, in substance, "I do not want to take any of these monetary powers away from the President," such as the power to issue \$3,000,000,000 of additional currency, to up and down the price or the gold content of the dollar and the silver coinage, and matters of that kind. The Secretary of the Treasury and the Governors of the Federal Reserve System certainly did not indicate to the committee they wanted the above powers included in the price-control bill. And they did not want us to put anything in this bill which would interfere with the financing of this incomprehensible billions-of-dollars program which we have built up in connection with defense.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from California.

Mr. THOMAS F. FORD. The gentleman said a moment ago that Mr. Henderson's main idea was to kill business.

Mr. CRAWFORD. No; I did not say that.

Mr. THOMAS F. FORD. The gentleman said to put them out of business.

Mr. CRAWFORD. No; I said this—and let me repeat it as best I can: In my opinion, the purpose of this bill is to reach out and grab the neck of industry, through the licensing provisions, through the planned economic management of margins of profits, and so forth, and eventually to create, by statutory authority, the power to exercise capital punishment over American industry, and this power to be exercised according to the views and policies of the planners.

Mr. THOMAS F. FORD. All right, capital punishment means death, and what would be the object or purpose of any governmental authority killing business, which is the goose that lays the golden egg?

Mr. CRAWFORD. I do not know yet too clearly what the purpose is, but I do know and I could support it, if we had the time here, with all kinds of statistics from the keenest students in the country, that we are, through action in this House and the other body, positively folding up the private capitalistic system of the United States. We have been doing so for some time, and I refer you to the recent and powerful and timely and appropriate statement of Mr. Emil Schram, who was formerly head of the Reconstruction Finance Corporation, and is now head of the Stock Exchange in New York, and his statement before the Interstate Commerce Committee of this House only a few days ago, where he submits conclusive evidence as to what is taking place, and he points out the necessity of our changing our ways and the laws if we desire the private capitalistic system of this country to continue to operate.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. CRAWFORD. Let us go a little step further on that.

Mr. COFFEE of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. COFFEE of Nebraska. Under the arbitrary powers contained in this bill, does not the gentleman think that the eventual outcome would be that we would have a controlled economy in this country similar to what they have in Nazi Germany today?

Mr. CRAWFORD. I suppose it would take on an American form, but certainly the purpose of movements of this kind is to bring what is left of our free economy of our country under the control of the planners. Let us get back to the remarks made by the gentleman from Missouri [Mr. WILLIAMS], and I think he put the cold cash right down on the barrel head. If you are going to do this—and here I refer to the prevention of inflation—you are going to do it, or you will make a fizzle of it. If you are going to plan Government control through the commissars or general staff set up here in Washington, then the balance of the country has to submit and that is all there is to it.

Mr. COFFEE of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. Yes.

Mr. COFFEE of Nebraska. One more question, and that is in connection with the problem confronting the livestock feeders and the livestock industry generally. On October 15 the average price of beef on the farm was \$9.18 a hundred. One hundred and ten percent of parity would be \$7.91. The average between 1919 and 1929 is \$7.18. In other words, a dollar and a half to \$2 under the present price. My question is this—and incidentally that price today is lower than it was in 1937, and much lower than

during 1926 to 1928, but the parity formulas do not fit the livestock industry. My question is this. All of these cattle feeders through the Corn Belt have placed in their feeding lots cattle at a price that averaged 13½ cents a pound for steer cattle. How are they going to sell those cattle at 110 percent of parity price or the average price between 1919 and 1929, without losing their shirts, if the Administrator wants to crack down on them?

Mr. CRAWFORD. I do not know how they could, supposing their cost will be much higher than the 110 percent of parity.

Mr. COFFEE of Nebraska. It is.

Mr. CRAWFORD. The Administrator brings it down to 110 percent, and they will end with a busted capital structure.

Mr. COFFEE of Nebraska. That is correct.

Mr. CRAWFORD. And that will go on through all other lines, and I think Mr. Odum will support the proposition that at least 50,000 private-capital structures of this country would have to fold up and go through the financial wringer, and that is another attack on the private capitalistic enterprises of this country. Personally I do not like it at all. If we are not smart enough to handle this thing without destroying our capital structure and our profit system, upon which we have to depend, if we are to amortize this enormous Federal debt, how in the world do we expect to go out and extend the four freedoms to the four corners of the earth?

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. Yes.

Miss SUMNER of Illinois. The gentleman stated that this would be a capital sentence to going business, and that statement raised a protest on the other side of the House. I call the gentleman's attention to a case that appeared in the newspaper on Saturday, under the present informal arrangement of price fixing, under Mr. Henderson. I refer to a zinc-processing industry. The news item was in a Chicago newspaper, and I am sure it was correct. Mr. Henderson set a price on zinc and said that they could not sell it any higher than the fixed price, and told them also that it would be inflationary if they sold to dealers. Later he cracked down on them because they sold to dealers. Selling to dealers is a practice of the industry. So that in effect, the dealers in that industry will be completely driven out of business on account of Mr. Henderson's policy.

Mr. CRAWFORD. The gentleman from Missouri [Mr. WILLIAMS] pointed out that increased wages have not caused inflation in prices. I agree with that. Let me point out that the increase in prices of farm products has not caused inflation and let someone get up and refute that, if he wants to. What is causing this price inflation? I do not propose to get bogged down in the mud-hole of wage control and price control on farm products, because those are side issues, picayunish stuff, and they amount to no more than the spindrift you will find on the crest of the waves as they come into shore. That is all pure tom-

myrot, dealing only with those things, and leaving out the more vital factors. You have to get to the big factors, and then come along with these minor issues and deal with them—I mean if your objective is to prevent inflation. I think we are highly intellectually dishonest with the people when we lead them to believe that the enactment of this bill will prevent increased cost of living. Here is the last conference board's report: Total employment, September 1941, 54,625,000 workers; total employment, excluding military forces, 52,633,000. In agriculture last September we had 11,532,000 at work. In August 1941, you had 11,017,000 men at work on the farms. In November 1941, farm employment reaches one of the lowest figures, amounting only to 10,420,000 on November 1. This is 1,112,000 fewer workers than the estimate for October 1; one-half million below November 1, 1940, and the reduction from a year earlier continues the trend that has been evidenced every month in 1941, but the November decline is much greater than for any preceding month.

These industrial workers amount to approximately 40,000,000, and they expect us to enact a law which will prevent their cost of living increasing. There are 40,000,000 workers involved on one side. You have about 10,400,000 workers on farms involved on the other; thirty or thirty-five million total population on the farms. There are the two sides of that equation. But over and above all that is this other thing that I want to talk about, and I now refer to the power of money—money that is being created by Government fiat for the purpose of financing the deficits of Government and which is being turned out at the rate of more than \$1,000,000,000 monthly.

Mr. DONDERO. Mr. Chairman, will the gentleman yield right there?

Mr. CRAWFORD. I yield to the gentleman.

Mr. DONDERO. I submitted this inquiry yesterday and I do not think I got an answer that satisfied me. What is the necessity of fixing a ceiling on farm products while we at the same time as a Government are paying the farmers of this country a billion dollars a year in subsidies?

Mr. CRAWFORD. I do not see any sense to those things at all, myself, but they are going on just the same, and largely for political reasons. Give the farmers fair prices and they will not ask for donations from the Treasury.

Let us carry that a little further. What caused the rise in prices on farm commodities which has occurred? The legislative acts of this body, primarily. What caused the increased wages which have occurred? The legislative acts of this body, primarily. What has occurred has been the result of legislation. Remove the cause, neutralize it, get rid of it, if you want to reverse the trend. Is there anybody out there in this audience who wants to cut wages? I do not think so. Is there anybody out there who wants to cut the price of farm products? I do not think so. Is there anybody down in the administrative part of Government that wants to do anything about the inflationary monetary forces that are

now running? I do not think so. Will anything be done effectively on these things? I do not look for anything effective. What do I look for? You are going to witness increased prices; you are going to witness increased wages; you are going to witness increased strikes. This Congress, in my opinion, is not going to do much about that either. We might just as well be realistic about this. I do not expect the people in my district to think that I voted against a bill that is going to prevent prices from going up, because prices are going up. I am sure of that. This bill will permit Mr. Henderson to adjust upward the ceilings which he sets as Administrator of the bill.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. WOLCOTT. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. CRAWFORD. Here is a statement from the American Federation of Labor which points out that price control is vital. Wages are 16 percent above prewar. Living costs are up 9.6 percent. You will find that on page 4 of the American Federation of Labor, volume 2, No. 10, November 1941.

Well, what is that to kick about? Wages up 16 percent above prewar. Living costs up 9.6 percent. There is their own official publication.

Mr. Eccles recently said:

Price fixing is not enough. To meet the threat of inflation we need certain direct control but there is no substitute for the immediate adoption of hard-boiled fiscal and credit policies.

Are there any hard-boiled fiscal and credit policies in this bill? No, sir. They are not there. Why did we not put them in? Nobody from the other end of the avenue wanted them in. Mr. Henderson did not want them in. Our committee in the majority did not have the courage to put them in the bill. I voted to insert them and had they been included I would have been glad to go along with the bill.

In Fortune Magazine in August 1941, Mr. Eccles said:

During the past year currency and demand deposits in commercial banks have increased by about \$7,000,000,000. If this trend were permitted to continue indefinitely at this rate it can readily be seen that the inflationary results would be disastrous.

If I had the time I would go on through and give you information on the power of money in connection with this very question, which I think would be so conclusive that nobody in this House could resist it in their own conscience. I am not talking about on roll call.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. VOORHIS of California. Would the gentleman subscribe to this general statement, that whatever be the argument in favor of price-control legislation, like we have now, unless monetary controls are instituted the attempt over a considerable period of time to control the situation by means of governmental fiat on prices will be up against a situation which it will be difficult for them to deal with?

Mr. CRAWFORD. I think that is exactly what Mr. Eccles referred to when

he said it would be disastrous. In my opinion, for us to attempt this thing without taking these other steps is sheer mockery. I think we are intellectually dishonest, and I think it is action of that kind that causes men like Pegler to write what he did about Members of Congress in the issues of the newspaper last night and today.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. GIFFORD. In the light of the question asked by the gentleman from Nebraska [Mr. COFFEE], in delegating these vast powers to the other end of the Capitol, some of you say, "But Congress can give and Congress can take away." How much longer will that lullaby last with the public?

Mr. CRAWFORD. I do not know how much longer it will last. Some day the public may grow tired and weary. The public is much smarter than we give it credit for. I am sure about that.

Mr. GIFFORD. Is it a lullaby?

Mr. CRAWFORD. We have had plenty of warning. All a man has to do is to drive down the street and read the billboards. There is no excuse for anybody in this country not to be well informed of the disastrous road that we are going today.

Listen, when we offer a program such as this why do we not take these cash-demand deposits and this currency we have in hoarding and go down to the counter and tell the Secretary of the Treasury that we want to buy these defense bonds and buy them by the billions of dollars worth? Read the statements made by Treasury officials as late as within the past 15 days. Since May 1 we have bought a measly two billions, worth of defense bonds. We should be buying defense bonds as fast as defense expenditures run, whether it is \$1500,000,000 a month or \$2,000,000,000 a month or \$4,000,000,000 a month. Otherwise your deficit increases and the security is in the commercial bank portfolios, your demand deposits go up, you add fuel to the fires of inflation. God Almighty did not design the laws of this universe so that such stuff would operate and fit your peculiar political situation. He sets these forces at work and they run until they devour you, unless you do the necessary; and we, the Congress, are not willing to do the necessary, and the administration is not willing to do the necessary—monetary, prices, and other.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield 2 additional minutes to the gentleman from Michigan.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. O'HARA. I listened very carefully to the gentleman's splendid presentation of his views. Is it the view of the gentleman from Michigan that this bill merely creates a straw man to avoid the responsibility of the administration and the Congress for the conditions that necessitate price control?

Mr. CRAWFORD. This bill in my opinion is a political expedient set up to mislead the people of the United States and make them believe that we are going to do something to prevent inflation, and later, deflation in the post-war period; and I think we are unfair with the people of this country.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. VOORHIS of California. I believe the gentleman stated that the purchase of defense bonds would be effective in checking inflation providing they were bought by individuals. If they are bought by banks, with our present banking situation in effect, they would be just as inflationary as that much new money.

Mr. CRAWFORD. Yes. I do not think we should permit a dollar's worth of defense-borrowing issues to go into the portfolios of commercial banks. I preached that to the Ways and Means Committee starting last January 29. I have preached it in half a dozen States since. I have kept repeating it in many letters I write. These defense bonds ought not to permanently pass to the portfolios of the commercial banks. Read what the Secretary of the Treasury said about this very thing and what Mr. Eccles said about it. They want the people to buy the defense bonds. Let the purchase be by individuals, let them buy them out of past savings, accumulated savings, accumulated deposits, accumulated currency, and out of our current income. If we believe in this program let us finance it ourselves instead of building up a financial situation to destroy our offsprings. If we would follow such a course of making these purchases, this bill would not be necessary. We would then be buying defense bonds instead of going into the trading marts and bidding against each other and thereby pushing up the prices on the things we must have for subsistence. We go along under another delusion to the effect that we can do just as we please and have Mr. Henderson solve the problem for us. Let me tell you that before this deal is over we shall have our appetite for Government control satiated. In the long run we shall discover that it would have been better for us to make the necessary sacrifice and pay for some of this stuff as we go along instead of always deferring, deferring, and still deferring. We have full warning from England, from Canada, and from Australia. America chooses for the moment the easy way and the blame can well be placed at the feet of the Congress.

An amendment went into the bill this morning, adopted by the committee, to be reported later, which has to do with trading in agricultural goods and other commodities. In my opinion, the language of this amendment will permit the Government or the administrator of this bill to wreck the price of certain agricultural commodities, if those prices, in an attempt to keep up with the advance of all prices that will take place, go above the loan value plus the carrying charges on basic commodities held by the Commodity Credit Corporation. I raised the question in committee, but it was not

dealt with at length, and I think you better look into that very carefully.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield 3 additional minutes to the gentleman from Michigan.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. ROBSION of Kentucky. If I understand this bill and its proponents, they claim largely the present threat of inflation on farm prices and upon industrial prices in the country. If I have understood the gentleman, the administration itself has created this situation and it is due to this policy of—

Mr. CRAWFORD. Deficit financing.

Mr. ROBSION of Kentucky. Yes; borrowing and putting out great sums of money all the time.

Mr. CRAWFORD. Surely there is no question about it. I think I could cite at least 25 authorities that will support that statement.

Mr. ROBSION of Kentucky. And that was largely the attitude of Mr. Henderson himself in his testimony before the gentleman's committee, was it not?

Mr. CRAWFORD. He does not want to take certain money powers away from the President.

Mr. ROBSION of Kentucky. I am not saying that he does, but it is those very powers which are creating this very condition that threatens this inflation.

Mr. CRAWFORD. Yes.

Mr. ROBSION of Kentucky. Henderson admits that, does he not?

Mr. CRAWFORD. I think the gentleman will find a lot of admission along that line in the testimony.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. AUGUST H. ANDRESEN. From what the gentleman says, it looks to me as though we ought to send the bill back to the committee and have them bring in a proper bill to control inflation.

Mr. CRAWFORD. I think the bill should go back to the committee. I think the committee should write their own bill uninfluenced by Mr. Henderson and Mr. Ginsberg and the White House. Let the House pass its own inflation-prevention bill and send it to the Senate. Let the Senate pass it and send it to the President, and let him veto it if he dares. There ought to be a proper bill to prevent inflation and the later subsequent deflation, and that kind of a bill I would support.

Mr. HINSHAW. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. HINSHAW. A few moments ago I asked the gentleman from Massachusetts if this bill did not contain many of the aspects of the N. R. A. without some of its safeguards. Would the gentleman care to comment on that?

Mr. CRAWFORD. I think this bill goes very much further than N. R. A. in giving power over industry to the Administrator, and it does it in the name of preventing inflation.

Mr. HINSHAW. That is because of the licensing feature in it, is it not?

Mr. CRAWFORD. It does it largely by the licensing feature. I voted against the licensing feature; I am opposed to the licensing feature; I am opposed to what I call the open-market operations of the Administrator in various types of commodities; and I am opposed to a piecemeal compromising approach designed to go one-tenth of the way, for I believe if this piecemeal measure is passed the administration and this Congress will never take up this other necessary legislation to do the job and prevent inflation and the disastrous results of deflation.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield 15 minutes to the gentleman from New Jersey [Mr. KEAN].

Mr. KEAN. Mr. Chairman, all who heard the testimony before the Banking and Currency Committee are, I believe, in accord that a bill to prevent a dangerous rise in the cost of living should be passed quickly.

Those price rises which occurred in the last war may prove to be insignificant as compared with what we are faced with today, just as the expenditures which we made in the last war are insignificant as compared with those which we are planning to make today.

But, as the gentleman from Michigan [Mr. Wolcott] said yesterday, price control alone will not do the job, for price control does not cure the disease which causes inflation. All it does is to try to correct some of the symptoms caused by the disease.

The administration should realistically and forthwith press for legislation which will correct, as far as possible, all the elements which are causing this inflation.

They should press for a strong tax bill, for a realistic savings program—even enforced savings, if necessary; they should eliminate wasteful nondefense spending; they should make possible action on excess bank reserves; and they should remove from the books all that inflationary legislation which has created the "climate" in which inflation has raised its head.

Mr. Chairman, I hate regimentation. I heartily dislike price control. It is contrary to every belief which I have held as to the proper working of the American competitive system. But today we are met with a condition, not a theory, and we must decide which is worse—to accept temporarily this regimentation and give up some of our rights and liberties or to face the dangers of a runaway price structure with all its consequences.

But if we are to give up our liberties, for heaven's sake let us be sure that we pass a bill which will do the job so that we will not have made these sacrifices in vain.

The legislation reported by the Banking and Currency Committee will not do it.

The title of the Steagall bill reads as follows:

To further the national defense and security by checking speculation, excessive price rises, price dislocations, inflationary tendencies, and for other purposes.

Note the word "checking." I think it is significant, for this bill would do little more than cause a slight check which "old man inflation" could easily sidestep and continue running toward the goal of disaster.

What the "other purposes" outlined in the title are I do not know. But if they are the regimenting of small business and the taking away of the rights of American citizens, without to any great extent preventing inflation, these "other purposes" may well be accomplished—especially by the licensing provision.

Mr. Chairman, this bill calls for sacrifices merely from a small group and lets everyone else go scot free. It is a cowardly bill. It is an ineffective bill. It will not work. It does not deserve to work.

The committee labored for 3 months and brought forth a field mouse.

Mr. Chairman, though we are not physically in the war, industrially and economically we have undertaken a war program, and we will suffer from every economic strain which war brings about.

In an economic war all must make economic sacrifices for the common good.

We should lay selfish interests aside.

But this Steagall bill asks for almost no sacrifices from two of the most important economic groups in our country. How can you have any economic stabilization if you forbid ceilings on the price of food and clothing until they have gone up 32 percent over what they were in 1939, remembering that the lowest one-fourth income group of our people spends 40 percent of their total income for food and clothing?

How can you place a stable ceiling on the price of goods if you give no consideration to the cost of those goods?

Both Mr. Henderson and Mr. Lubin testified, in answer to my questions, that labor costs represented 67 percent of the over-all cost of a manufactured product. You just cannot ignore this item if you sincerely wish to attack the problem.

We all know that if the cost of living goes up materially, and it surely will do so if this bill is passed in its present form, no one will suffer more than the laboring man who sees the cost of what he has to buy increase at a much greater rate than his pay.

The purchasing power of a man's wages is the vital question—not how many pieces of paper there are in his pay envelope.

For the good of labor itself we must have a strong bill.

Mr. Henderson, in response to a question by the gentleman from Texas [Mr. PATMAN], stated that if a wage rise was granted which made it impossible for a manufacturer to sell goods at a profit, the Administrator would have no other alternative but to raise the ceiling.

Price control in this case would thus not be in the hands of the Administrator but under the control of whoever was handling labor relations.

I regret that the parliamentary situation made it impossible to include profit control in the bill introduced by the gentleman from Tennessee. Profit control should go hand in hand with wage control, and I am hopeful that the Ways and

Means Committee will soon report out legislation further increasing the excess-profits tax. I will be glad to vote for it. But the fact that stocks of nearly every large corporation are selling on the exchange at lower prices than they were a year ago certainly shows that the public expects us to crack down on excess profits—and crack down hard.

Mr. Chairman, the press has said much against the Brown amendment; but though this might result in considerably higher prices for the immediate future, in the long run it does not seem any more dangerous than the 110-percent-of-parity provision, so long as no consideration is given to costs. There would be a top limit to which prices might go under the Brown amendment, but there is no ceiling to the 110 percent of parity; and the present bill sets up a vicious circle.

We all know that parity is but a relationship, and that the cost of food and clothing make up the largest parts of the workers' budget. Thus, if these items rise to 110 percent of parity, which is on the average more than 6 percent higher than present prices, workers will justifiably ask for an increase in wages.

Increased wages will, in turn, increase the price of what the farmers buy, and will thus automatically raise the 110-percent parity figure, which in turn will increase the cost of living to the wage earners, and so on ad infinitum. The vicious circle of inflation will be in full swing, and the consumer and those with fixed incomes will be lost in the shuffle.

I do not question the objective of parity, for this is the declared policy of Congress, and I realize that some who testified before the committee stated that 110 percent was necessary, owing to fluctuating markets, to achieve parity. But is it not true that the provision on page 17 of the Gore bill directing the "Administrator to exercise his powers to secure average year-around prices not less than parity" would be worth more to the farmer than the 110-percent provision?

Moreover, it seems certain to me that this 110 percent will be regarded by the people who are not farmers as a discrimination in favor of the farmers; and, Mr. Chairman, this law cannot be administered effectively, nor will it succeed, unless it has the support and backing of all the American people.

It cannot have this support if the public feels that certain groups are favored to their own disadvantage.

Everyone should be treated alike.

Piecemeal controls will not work. We must go all across the board.

The administration showed no courage when it brought in its original bill pampering the two pressure groups who have the most votes, but this is no excuse for us not to be realistic.

What if we do pass this weak, half-hearted bill? We are asking the citizens of this Nation to give up their rights, to accept a planned economy for the duration, and they will find when they have surrendered these rights that inflation continues with only a slight check.

Everyone will suffer from high living costs.

Our defense effort will have cost us billions more than necessary, which must

be wrung from the people later on by inevitable taxation, and at the end of the emergency our price structure will be so high that we will be unable to compete in South America or in any other foreign country.

Thus, we may physically win the war, but we surely will have lost the peace.

The Gore approach is not perfect, but to my mind it is infinitely better than the Steagall bill.

Those of you who voted 2 weeks ago for what may result in an all-out war should, in all reason, vote for an all-out price-control bill to help win that war.

Mr. WOLCOTT. Mr. Chairman, I yield 20 minutes to the gentleman from Illinois [Mr. DEWEY].

Mr. DEWEY. Mr. Chairman, since August 1 last, the Banking and Currency Committee has been in almost constant session and I, as one of the members of that committee, have eaten inflation, drunk and thought price control; and when I finally got to my bed in the evening I saw in uneasy sleep the truculent but intelligent face of Mr. Henderson, who would come in my dreams, and the silver-haired face of that elder statesman with all his wisdom would appear before me. They would mutter "inflation; inflation; inflation." In the morning I would tear myself, sweating, from my bed and would seek some facts.

I would like to say to you, Mr. Henderson, and even to you with all your wisdom, Mr. Baruch, that perhaps in your warnings about inflation and the inflations of the past and the possible inflation to come, probably you have forgotten or overlooked or, for some reason, do not wish to bring before our committee some of the facts.

I am going to take a little time of the committee this afternoon to make a few comparisons of what Mr. Baruch had to face when he and his associates attempted to stabilize prices in the last war and what Mr. Henderson may have to do, as Price Administrator, today.

Let me recall to your mind, if you please, that when the first World War was about to start there was no Federal Reserve Board. That great organization and institution which has to do with our national credit was not formed until 1914. It had no experience, and it was really formed to provide an elastic currency. Their knowledge of credit control was rather limited.

I would like to draw another point to your mind and thought: It was not until March 1913 that our income-tax bill went into effect, and even in fear of boring you a little, I am going to tell you what the tax bill of 1913 produced in taxable revenue during the first 3 years.

Mind you, that tax bill exempted \$3,000 in individual income. There was nothing about married couples. Every man had a \$3,000 exemption.

In 1915 only 336,000 tax returns were made, producing \$80,000,000 of revenue to the United States. In 1916 we got along a little better. There were 437,000 taxpayers in the United States and they produced \$124,000,000. In 1917 they finally brought the exemption down to \$1,000, and more people came in; \$387,-

000,000 of revenue was produced in that year.

What I would like to emphasize is that in the first 3 years—1915, 1916, and 1917—there were only \$593,000,000 of revenue obtained from the tax bill—from income and profits taxes. May I say that at this time, under the 1941 bill, six companies of the United States are reserving an equal amount for their prospective taxes for this year. In other words, under the 1941 tax bill, six great companies are paying in 1 year more than was collected from the entire United States in the first 3 years of the tax bill.

We hear from Mr. Henderson a great deal that one of the things that must be done is to siphon off the excess spending power from the people, but in those days, when Mr. Baruch had to face inflation and price control, \$3,000 of every worker—of every man, woman, and child who received that amount—were exempted from taxation, and all that, plus \$24,000,000,000 of untaxed money, were left in their hands. Naturally there were price rises with that great amount of money to be expended or left in the people's hands.

But today what have we? We have a well-organized Federal Reserve System, and already that System has put into effect certain regulations reducing the purchasing power of the people by installment purchases. They have already put into effect reserves to take up the excess deposits of the banks. Then our well-known tax system has had almost 30 years—in fact, 28 years, to be exact—of experience. I can assure you that every hole will be plugged.

We talk about the excess profits of industry. The people so far have been on a joy ride in this war—bigger returns, bigger wages. But let March 15 come and they will find that the Ways and Means Committee has written a very effective tax bill and there will not be much excess profits left in the hands of the corporations.

Already, as we know, another bill, prepared by the Treasury Department and sent to the Committee on Ways and Means, proposes to take 15 percent of all gross earnings at the source. So I do not believe that Mr. Henderson need worry; most of the excess spending power of the people and the corporations will be siphoned off before they get the opportunity to expend it, thereby causing price rises due to reduced supplies of consumption goods necessitated by national-defense demands.

I make these statements to show, if I may, that there is little comparison today with the conditions that existed in the United States in the last war. I do not believe we need any rigid price-control bill. I believe there are orthodox ways and manners of controlling prices. True, it may be necessary and probably is necessary to have some administrator who will correlate the existing values as they are today and have some power to see that some one group or some one industry or some one commodity does not get out of line. But when there is talk of the necessity of an economic czar, I do not see it. The powers are here and they

can be used by existing, well-thought-out economic machinery of Government.

Then, again, I should like to say it is a little paradoxical that while the administration is demanding all of these controls over our economic system to prevent inflation, it was only in the month of June last, if I recall correctly, that the power to issue \$3,000,000,000 of greenbacks was extended, that the power to monetize silver was extended, and that the power further to devalue the gold content of the dollar was extended. Why should these very definitely inflationary powers remain in the hands of the Executive and be refused to be given up while at the same time the administration demands powers to control inflation?

The real duty of the Price Administrator, it seems to me and as I have already said, is to correlate the values between the different economic units of our country, to see that the real wage of the workman is kept equal to what it is necessary for him to have to live, namely, food, rent, and clothing. I do not see, that there is any necessity of putting a ceiling over all wages. I do not see any necessity of giving to one man the power to regiment all of our economy. Even Mr. Baruch, whom we all admire, and who has had a vast experience, has admitted that these powers should be somewhat divided.

Where in the bill is any supervisory body over the judgment of one man? It was had in the last war. When Mr. Baruch appeared before the committee, I interrogated him on that subject, and I shall read briefly from the hearings my questions and his response. I asked him if there was any board of appeals to whom individuals who were not satisfied with their local boards or prices might come and have a hearing. I said, "Did you have any such board?"

Mr. BARUCH. The price-fixing committee fixed prices for every 3 months and invited anybody who had any criticism to appear before them and present their case. I think it was a good Board. I can say that because I was not a member of it.

Mark you, Mr. Baruch was not a member of that Board.

There was every opportunity to change any price and to try and correct any injustice and try to lessen any hardships. There was a real honest effort. There was a very remarkable old gentleman at the head of it—

And so forth. Where in this price-control bill can any person come to have a hearing? Under the bill, he comes back to the man who sets the ceiling and if he does not like what he gets there, he may have a right to appear before a court of three judges who can consider only whether the price was legally set, but none of the facts in the case may be reviewed.

I should like to see in any price-control bill that becomes law some board of review, some place where our fellow citizens may appeal.

With all due deference to the gentleman from Tennessee [Mr. GORE], for whose courage and mentality I have great admiration, may I say that I cannot go along with his bill for the simple reason that it regiments the whole of our economy. I go along to a certain extent with

the Steagall bill, only because it may be amended and probably some of the regimentation lessened. If it is not, I shall not vote for either bill.

Where in the Steagall bill is any mention of taxation? Where in the Steagall bill is there any mention of credit? Therefore, why in that bill should there be a demand for the placing of ceilings on wages?

I again say that I believe it to be the duty of the Price Administrator to attempt to correlate values and have the real value of the wages kept; but to attempt to freeze wages I think is wrong.

Under our law and custom we have a way of setting wages, and that is by collective bargaining. I believe that the only thing the Price Administrator should do, and it should be one of his duties, to appear as an interpleader before the boards or commissions now existing to consider whether the collective-bargaining wage is or is not fair.

There are a few other items I should like to mention in regard to this bill. One is the licensing provision. As I understand, at least, that is what I was told this morning in committee, there will be no licenses, no "blue eagles" will flutter in any window, merely the Price Administrator by decree and publication will say that every industry in a certain line will be under license.

How will any small merchant, unless he keeps well in touch with all the publications of the Government, know that? He might without knowledge break the law. Suppose he does; what happens to him? He in turn appears before the man who sets the price ceiling, and if he does not get redress there, where does he appeal? Again, to this emergency court of three judges, who may not deal with the facts of the matter but may deal only with whether the Price Administrator acted according to the law.

If there is to be any licensing done, and I see no need of it, I do not understand why every American citizen should not have his day in court before a competent judge, the district court. If the district court wishes, it may appoint a commissioner to hear the various cases as they may be presented.

Another feature that was adopted today by the committee as an amendment, is the right of the Price Administrator to purchase from high-cost producers. I think this is a very necessary feature of his administration. There are probably a number of individuals who, due to the situation of their business, cannot produce as low as some of the low-cost producers and, naturally, they would have to close up. I take the case of the copper mines. As you know, some help has already been offered them. The high-cost Michigan producers have to have about 3 or 4 cents more per pound for their copper than do some of the hydraulic producers. I think they should be subsidized, but this House has authorized by law borrowing power to the Federal Loan Administration, with its various agencies and corporations, with which to buy and supply themselves with metal stock piles, and here in the government manual you will find mentioned the Defense Supply Corporation which can enter into

purchase of about anything—commodities, supplies, critical or otherwise—and they are doing it, and they have done a good job, as far as I know. Why is it necessary to set up here with a revolving fund—

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield the gentleman from Illinois 5 additional minutes.

Mr. DEWEY. As I said, I agree with this subsidizing of the high-cost producer. It takes the place of what was called the bulk-line method used in the last war when they set a price or a ceiling at a point where the highest-cost producer could operate. Of course, this made unusual profits for the low-cost producers. This new way permits an average to be taken, somewhere around the average low cost of production, and subsidizes the high-cost producer, but this can be done without creating another little R. F. C. in Mr. Henderson's office. I shall offer an amendment at the proper time, in place of the committee amendment, to turn back to the Reconstruction Finance Corporation the duty of carrying out the subsidization of high-cost producers.

I believe, as I have said, there are in the agencies of the Government today existing those who have had 25 or 30 years of experience, not only in the last war but during the depression we started with in the early thirties, and I believe they have sufficient knowledge and authority to handle any inflation.

It has already been brought out by various speakers that there is no inflation existing today. We know perfectly well, and we have heard it mentioned dozens and dozens of times by Mr. Eccles and other members of the finance departments of the Government, that they were pump priming to get the prices back to the 1926 averages. It cost, between 1932 and 1940, \$21,000,000,000 of the people's money in that effort; and what is the result? We have finally arrived at 91½ percent of that desirable point, the 1926 average, which was represented as being the millenium of the standard of living of the American people. And what did they do? When we were nearing that point they ignored the 1926 average and jumped to a new base, and the new base is September 1, 1939. I have not the exact figure before me, but, as my mind recalls it, on September 1, 1939, we were about 79 percent of the 1926 average. We were down at bedrock. We were just a little ahead of the bankruptcy stage to which we had fallen in December 1937. Now we are taking that as a basis. When you hear of these enormous price rises, we are 10 percent ahead of the sheriff. The sheriff generally had most of us by the back of the neck at that time, and we are 10 percent ahead of him now.

I do not think there is any inflation; and if there is going to be any inflation, it is the inflation that this Government will wish to have when it comes to paying off the debt. Whenever there is any first-class war brewing, do not forget that a way to pay off the debt is by inflation or by indemnity, and we all know that the only war debts that have ever been paid or the only indemnity that has been

collected was after the Franco-Prussian War, in 1870.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. WILLIAM T. PHEIFFER. Mr. Chairman, will the gentleman yield?

Mr. DEWEY. May I just complete this sentence, and then I am done.

At that time the Germans succeeded in collecting \$3,000,000,000 of indemnity from the French, and as far as I know that is the only indemnity in modern times that has ever been collected. No; when we get to the point of paying off the debt, we will have inflation all right, and it will be inflation that will be ordered by the administration. It is not here now. The administration has the power and authority to control it. We can siphon off the excess spending power of the people by taxation, and, Mr. Chairman, I would like to say in closing that I do not want to see, by any act of this Congress, a further regimentation of our economy. This country was built by the ingenuity of its people. The railroads, the public utilities, were built by the daring of our people, by the failures of our people, and the willingness to start again. Our people will support the national defense of this country. They will bear taxes; they will go along. But, as I said to the Secretary of the Treasury in the hearings, when our boys get back home and are seeking jobs, they do not want to find a ruined industry due to regimentation of a bureaucracy.

Mr. WOLCOTT. Mr. Chairman, I yield 15 minutes to the gentleman from Pennsylvania [Mr. KUNKEL].

Mr. KUNKEL. Mr. Chairman, this bill has been discussed so well by so many distinguished speakers up to this point that it is becoming difficult to add to the supply of information already given. What I would like to do more than anything else is to reemphasize some of the points that have already been made, particularly the one about public morale. I think this bill has more to do with public morale than the debate so far has indicated. It is just as important that, after this legislation has passed, if it is passed, that it be supported wholeheartedly as it is that some of our important measures of foreign policy be supported, because the only way that it can be really successful is to get united cooperation from the great majority of our citizens. If it is to do that, as the gentleman from Michigan [Mr. CRAWFORD] has pointed out so ably, it cannot be put over as a bill which is going to cure everything, as a bill which is going to stop price rises completely and at a level satisfactory to everyone. It must be realized just what can be expected from it, so that no one will be disillusioned or disappointed. I believe that this bill will restrain and hold in check prices, but it will almost certainly not stop prices from rising. It will control and restrain. I cannot agree with the gentleman from Michigan [Mr. CRAWFORD] when he says that unless we deal with this whole problem, including steps in the fiscal and financial fields, unless we include everything at this one time in this one bill, that, therefore, this

bill should be defeated. Actually the measure that we are now discussing covers some items which would not be touched at all in some instances by measures reconstructing or changing our fiscal and monetary policies. Where we have a drastic shortage of material, and where we have a demand that far exceeds the available supply, there is no way that prices for that material can be kept from getting out of line unless there is some system of control placed over the price of that commodity. Credit curtailment and money controls will not handle that. For that reason I feel this bill is one essential part of the whole process or method. So it is my intention to support the committee bill unless it continues to deteriorate with the lightning rapidity which has characterized it in the committee hearings so far this week. I refer to the bill as the committee bill because I include in my discussion of it the committee amendments which are to be offered from the floor.

The second thing I have in mind—and this affects public morale also—is that price control is only one part of an entire picture which covers appropriations, priorities, and price control—a three-ring circus, as it were. As soon as we started making appropriations and as soon as we authorized the Government to go out into the markets and buy and buy and buy what it needed for defense purposes, at that point it undoubtedly became necessary to give the Government the additional powers to exercise priorities, so as to make sure that the Government got those materials, because the supply of them was not sufficient for both the needs of defense and civilian use. Competition between Government and business for these materials would have created immediate jumps in prices. After those two steps were taken, almost inevitably the further step of price control became necessary, and if you will study and read the places in the hearings in which Mr. Henderson and Mr. Baruch were questioned by myself you will agree with me that they both admitted or stated, whichever way you prefer to phrase it, that probably as a result of the incidence of these three factors it would very probably be necessary to requisition property for civilian use if the emergency and the defense program continued long enough.

At this point I desire to emphasize one thing that the gentleman from Missouri said, but which is so important that it certainly will bear repetition. Most of the debate so far has emphasized the importance of price control to the consumer. It is important to the consumer, and that is where it pinches every citizen in the United States, because every citizen in the United States is a consumer and is affected by the rise in prices of the commodities that he buys; but the fundamental purpose of price control runs even deeper than this. It is to keep goods flowing in the channels of trade. If it does not do that, then our whole economy goes to pieces, and so does our defense effort.

Mr. VORYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. KUNKEL. Yes.

Mr. VORYS of Ohio. I am very much interested in the brilliant way in which the gentleman is explaining it to those of us who do not know very much about it. He touched on a matter about which I wanted to ask a question. How can controlling a thing's price, simply saying, "You cannot charge any more than this," cause that thing to flow in trade? I would think that if that price happened to be too low, it would cause the thing to stop rather than to flow. If I were the owner of a store and the price-control man should say to me, "You cannot sell this for over a dollar," and that very thing cost me a dollar and a quarter to produce, naturally I would say, "All right; I will not sell it for over a dollar, because I will not sell it at all." Will the gentleman tell me how we operate from there on?

Mr. KUNKEL. Well, obviously, if the price control is established at the wrong price it will block the flow of goods. Therefore when price control is being administered, before you can get the price low enough to suit the consumer, you have to be certain that the price is high enough in order to induce the flow of goods in the needed quantities.

When Mr. Henderson was before our committee he stated that he would take into consideration all the elements of cost and that he would establish his ceiling so that the goods would be manufactured and would flow into the channels of trade and would reach the ultimate consumer. Thus if he established a ceiling for a specific industry and if that industry ceiling would bring out only 75 percent of the potential of that industry, but that 75 potential was not enough, then it might be necessary to make specific rises in the ceiling so as to bring in that extra 25 percent. Otherwise the full available potential could not be topped. The whole thing depends on and goes to administration. Price control must be administered so that it performs the function of price if our system of free enterprise is to be maintained.

The definition of "price" is "the mechanism that regulates the flow of goods." We find a situation where the demand and supply factors which ordinarily operate to create the right price have gotten so out of line that they no longer create a proper price. Price as a mechanism breaks down, in other words. So, in order to try to keep our economy functioning in the way that is necessary for national defense, and necessary for producing the necessities for civilian use—which must be done if a high civilian morale is to be maintained—we are forced to substitute price control for price. When we do substitute it for price, we have to see that it performs the function of price, one of which is to get the goods into the channels of trade and the other of which is to try to keep from dislocating the consumer purchasing power in the country any more than is necessary or placing the consumer at a greater disadvantage than need be.

I agree thoroughly with the brilliant statement which the gentleman from Tennessee [Mr. GORE] made at the outset of his remarks yesterday about the

dangers of inflation and particularly about the extreme dangers that are present and imminent in the present situation, although I cannot agree with his conclusions. If I were convinced that this present trouble we face would not result more seriously than the one which we had in 1917 and 1918, I would hesitate to support the committee bill in its present form. However, if there is anything in figures and in comparisons, and if present world conditions continue, certainly we can expect a much worse catastrophe than we had before. For that reason, it is most important, in my opinion, that we start in immediately to place in this initial control, not with the thought that this is something that is going to solve the problem, but that it is one vital step in that direction, and a necessary step, and one that is our responsibility today.

Later on these different factors that have been enumerated and explained so well by many of the other gentlemen can be taken hold of and dealt with. There is no question in the world that they should be dealt with in the near future, and in that regard I join them in urging fiscal and monetary reforms to meet present conditions.

There is another important thing to remember. It seems to me, as I have talked to people all over the country, that it is a thoroughly misunderstood element. That is, that price rises and inflation depend upon actual involvement in war. While that may be true of war in the large sense of the word, yet it is not connected with the shooting phases of the war. It is entirely independent of shooting, hostilities, and death. It is the expenditures that are made for the materials used in the war that create inflation—plus diversion of materials to war purposes, and so forth. The expenditures we are making and planning today for our defense program are exactly the same in net result as though this country today were engaged in a shooting war. Consequently we have to protect ourselves now from these effects. We know that the impact of our appropriations has not hit us yet in anything like full force, because the money is not being spent in near the volume in which it will be turned loose later on. We do know spending will increase, and increase as time goes on. We know that plans are being made to increase appropriations and future expenditures. So when you take all those things into consideration it seems to me we had better get started as best we can, because already time and prices have a head start on us.

I think that theoretically you can make a splendid argument in favor of the Gore bill, as the gentleman from Tennessee did. It is the result of a great deal of study by the gentleman from Tennessee, and the theory of freezing everything in proportion and in relation to everything else is one that appeals to the mind and the imagination if it were only possible to do so justly and equitably. But even if this were possible, yet when I study the enforcement angle of it it rather appalls me to think how it can be enforced.

If we are going to establish and build up public morale in carrying out a price-

control bill, the first thing we have to do is to get a bill that can be enforced. If you think back to the national prohibition law you will remember that that law fell into disrepute largely because it could not be enforced. If we set up a bill that cannot be enforced against everyone who comes under its terms from the start, immediately the whole thing is going to fall down. The American citizen will rebel instead of cooperate. So my approach to this problem is that we should go as far as we can today, both from a practical standpoint and as far as we can administer the bill adequately. We should seek an ideal that is definitely attainable. If we are going to err we had better err on the side of not going far enough rather than on the side of going further than we can administer adequately and surely. If we do the latter, we will undermine and destroy the whole effort. As time goes on, as the personnel of the price administration builds up and increases and becomes more familiar with its duties, these selective controls can be expanded. If new legislation is necessary, that can be done in another bill. It certainly will be wiser to start in on something that we know we can accomplish and then work forward from that point, having made sure that our people understand that we are not attempting to do more than to take the initial step in the broad and varied process of checking inflation, so that they will not be misled. It is a great deal better to do that, to start here and build forward, than it is to go out and pass a bill such as one to prevent sin, or something like that, which cannot be enforced, and then have such too broad and widespread legislation, by its failure, fall of its own weight and end all future possibility of finding a solution to the problem that we seek to handle, and which we must answer if our form of government is to survive.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. WILLIAMS. Mr. Chairman, I yield 20 minutes to the gentleman from Georgia [Mr. BROWN].

Mr. BROWN of Georgia. Mr. Chairman, the sole purpose of this bill is to control inflation, and it is for no other purpose. We must, therefore, consider it in this light, and in this light alone. It may not be pleasing to some consumers, but that was the testimony of Mr. Henderson and all the witnesses: That it was for the purpose of controlling inflation. I therefore take the position that the price of no commodity should be fixed below a point where inflation is not involved. This is sound doctrine.

I am not in favor of any rigid bill. The people in America are not in favor of any rigid bill. Undertake to pass a bill delegating all the authority of Congress relative to national economy to one man, regardless of who he may be, and you take a step that calls for the greatest care. For this reason I think it would be difficult to enforce any bill that is too rigid. I think, therefore, the bill that has been brought out by this committee should be adopted as it is. It does not go too far. The so-called Henderson bill, of course, did not include labor. I voted

for the labor amendments but did not win. When we cannot get what we want—and we cannot all the time—a compromise is next best, and a compromise was the best we could do after 3 long months' hard labor.

Since war profits have been determined not to be germane and must be placed in another bill by the same reasoning it is believed by many that it is best for wages, which are not a commodity, to be placed in a separate bill, and it has been agreed by administration leaders that a bill to curtail strikes will be on the floor of the House next week.

A bill embodying legislation of the character recommended by the President was introduced and referred to the Banking and Currency Committee. The committee report shows all this and adds that in view of the sharp increase in purchasing power resulting from defense expenditures, combined with increasing acute shortages of certain essential materials, legislation to deal with the inflationary tendencies caused by this condition is essential for the protection of the national defense and security.

It does not of itself fix any prices but gives to a price administrator the power to establish ceilings on prices and, in defense areas, on rents for housing accommodations. It does not give to the Administrator power to establish ceilings on wages or salaries or on the rates charged by any common carrier or public utility. In the case of agricultural commodities, the Administrator cannot establish ceilings below certain minimum ceilings. Powers of the Administrator are limited also in the case of newspaper and other advertising.

At this point let me state my belief that it would be impossible to enforce an over-all ceiling. Do you know what that means? It means, of course, that the people of this country would not stand for it. We were told in the course of the hearings that we had 1,800,000 commodities. It would take one-quarter of the population to enforce an over-all bill. It is not practical; it is not what the people want. Unless you have public sentiment behind a law, it cannot be enforced. I believe it was Elbert Hubbard who once said when asked to define law that law was public sentiment crystallized. Unless you have the people behind the law, it is better not to pass it.

We have the committee bill before us and we take the position it will control inflation. Why? Because it does not on any commodity raise the price more than 118 or 119 percent. Now, let me tell you, when you have any law as drastic as this will be you do not want to do away entirely with the law of supply and demand. You must give some room for the law of supply and demand to operate.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield for a question?

Mr. BROWN of Georgia. I yield.

Mr. CRAWFORD. Suppose we go ahead with this bill, enact it into law, put it in operation, that it runs for 12, 18, or 24 months and there is a tremendous increase in the price level and the people find they are conforming and supporting the approach of the price administrator, but prices are still running

away. Under a situation like that, what is the gentleman's opinion of the reaction of the 40,000,000 nonagricultural industrial workers of this country to the bill?

Mr. BROWN of Georgia. I want to ask why anybody wants to oppose the farmers, so far as agriculture is concerned, when the farmers will not get higher than 118 percent? You do not destroy the law of supply and demand. May I say that, so far as the witnesses are concerned, I asked a number of them, and not one of them said that the average prices from 1919 to 1929 were inflationary.

Mr. CRAWFORD. I do not think they are, either. I believe the farmers are entitled to a higher price. But when you put a marketing industry under license and under the domination of a central staff in Washington in the name of inflation prevention, and it does not prevent inflation—butter goes up, manufactured products go up, meat goes up, everything goes up and up—I do not believe the public will very long conform to a cooperative spirit.

Mr. BROWN of Georgia. Of course, nobody expects this price-control bill to control inflation altogether.

Mr. MURRAY. Will the gentleman yield?

Mr. BROWN of Georgia. I yield to the gentleman from Wisconsin.

Mr. MURRAY. As a Representative of a cotton State, what is the gentleman's best opinion as to the wage per hour that the cotton producers are going to obtain for 21-cent cotton, which is the maximum?

Mr. BROWN of Georgia. It has been estimated that they will get 21 cents an hour.

Mr. MURRAY. Twenty-one cents an hour. There is nothing in this bill to prevent a consumer going direct to the farmer and paying what he wants to? If he is rich enough, he can buy all the supplies he wants to direct from the farmer?

Mr. BROWN of Georgia. That is right.

Take 110 percent of parity. Let us illustrate with cotton, for instance. Cotton may sell for 6 months of the year at 85 percent of parity. For the next 6 months it must sell at 115 percent of parity in order to obtain parity. That is true of all commodities. If you want to give us parity for our product you cannot afford to fix a ceiling at parity.

The main objection to Mr. GORE's bill is that it does not give justice to all classes of people. He has in his substitute the prevailing prices on the 24th day of November this year. This simply means that one-third of the producers of the commodities in this country will get 40, 50, or 75 percent more than the producers of other commodities. How can I go back to my people where cotton is the main product that we have and tell them we only got a ceiling 100 percent of parity, while the beef-and-cattle boys got 140 or 150 percent, the wool boys got 160 or 170 percent, and the oil boys 175 percent, and so on. We cannot justify that. Therefore we had to put in the 110 percent parity in order to realize par-

ity the year round. November 1 or October 1 in the bill, would help another class. When that is done in order to give equal justice to all producers of agricultural products it would be absolutely necessary to put in the Brown amendment which takes the average price of 1919 to 1929.

May I say that affect. very few basic commodities compared with the date October 1, 1941. What does it raise? It raises cotton prices about 2.65 cents over the 110-percent parity. It raises butterfat about 3 cents a pound. Under the average price 1919 to 1929 it was 44 cents, and under 110 percent parity it is about 41 cents. The other commodity that is raised is potatoes. It would considerably raise potatoes, but potatoes today are selling for less than 50 percent of parity. I am informed.

Let me state another thing. The Brown amendment is less harmful for the consumer as to food than the other two amendments in the agricultural section, and as to clothes it is much less.

The farmers of this country are patriotic; support all measures beneficial to the defense of America from any foe, are willing to make and have always made great sacrifices for the welfare of this country, and when volunteers are called to defend our country no other class of people has volunteered as freely as the American farmers of the great South and West.

The farmer is not selfish. The only thing he desires is the same treatment and equality with industry and labor and his share of the national income.

Inflation has been defined as an increase in purchasing power at a more rapid rate than is productive power, so no commodity can cause inflation as long as there is a surplus of that commodity.

Today we have a large surplus of most of the basic commodities, such as wheat, cotton, and corn. Much has been said recently about increased farm prices and rising cost of living. Farm prices have not risen high enough to cause inflation.

Of course, farm prices have risen to some extent in recent months, but the testimony at the hearings will show the increase represents readjustments from abnormally low prices to prices that are more nearly normal. Many consumers complain about present prices because they have been accustomed to buying agricultural products at almost starvation prices. The consumers are still getting much of the food at bargain prices, especially in relation to the income of the wage earners. Food prices have not risen like other commodities since the outbreak of the European war, as testified to by one of the most prominent witnesses.

At the committee hearings evidence was submitted to show that living costs of September 1939 have increased only 7½ percent, but the average weekly earnings in all manufacturing industries have increased 27 percent. Agricultural commodities should not be singled out as being responsible for inflation when the farmer receives less than 9 percent of the national income. Nine percent of the national income would have very little influence on inflation if 91 percent of the

national income is not controlled. A bill brought to our committee, known as the Henderson bill, did not attempt to control salaries and wages which represent 65 or 70 percent of the national income. Mr. Henderson then testified that when wages and salaries were increased, of course, he would have to increase the ceiling on industrial products. Then it must appear to all that agriculture would be the only commodity in a strait jacket. If agriculture must be included in the act, we certainly ought to have a reasonable ceiling in order to obtain equality with labor and industry, which should be desired by all.

This bill is perhaps one of the most important and far reaching that has ever been presented to Congress. And a bill that fails to give equality to all classes, in my judgment, would be far more dangerous than no bill at all.

The average prices from 1919 to 1929 were reasonable and not inflationary. Many witnesses were interrogated along this line and none of them stated that they were unreasonable or inflationary. This is the most recent period of a free farm economy; 1919 was 1 year after the first World War, and the national depression came in October 1929, and since that time our farm economy has been controlled. The parity base period of 1909-14 is considered too remote, as conditions and prices have changed materially since that time. That period of 1909-14 has been designated by responsible authorities as the horse-and-buggy era. In those days we had few cars, trucks, farm machinery, or any other modern high-priced farm equipment. The year 1926 would be an average one for the 10-year period of 1919-29, and during that year all groups of commodities the farmers had to buy, such as foods, hides and leather, textiles, fuel and lighting, metals and metal products, building materials and chemicals, house furnishings, farm products, and miscellaneous items, were on a 100-percent relationship with each other.

All of us are against uncontrolled inflation. We can agree, I think, that any benefits which may have accrued as the result of the rapid rise in prices during the last World War were more than wiped out by the far more rapid fall of prices in 1920 and the years of depression that followed.

There is some difference of opinion, however, as to how strict or rigid a form of price control is needed. As you know, one school of thought argues that we should fix the ceiling on all prices at yesterday's or last week's or last month's level. And there is another school that feels that we should endeavor to write as reasonable a bill as possible which will give those groups whose prices are currently out of line some chance for correction and improvement.

It is this second view which is represented by the current bill, and I think I may call your attention to the fact that the Price Administrator, Mr. Leon Henderson, has himself said that he does not feel we are yet ready for the arbitrary fixing of all prices at the current or some past level. The present bill will, I believe, give the administration all the authority

it needs to work in the price-control field.

It is my opinion that public sentiment will not back a rigid price-control measure at this time, delegating all authority in controlling national income to one man. I am sure the public will prefer a more flexible bill like this when it will accomplish the same purpose—that is, of controlling inflation.

The American Bankers Association, at the annual midcontinent trust conference in St. Louis on November 7, predicted that it was inevitable that we would have from 15 to 20 percent increase in the cost of living by next year. These economists and bankers in their discussion were in agreement that inflation could be controlled without rigid price-fixing measures. They concurred in saying that physical and economic controls, now within the power of the Government, could be applied in such a way as to be effective. This report of this conference was carried in one of the Washington papers on November 8, 1941. These businessmen have perhaps given more thought to inflation than any other group and their opinion should have great weight with all of us because monetary problems and inflation are a part of their life study.

Under the agricultural sections all three of the formulas combined would not give agricultural prices more than 118 percent of parity. Under all three of the exceptions food prices would not be more than 112 percent of parity.

The House and Senate passed a rent-control bill for the District of Columbia a few days ago and fixed the base period January 1, 1941. At that time rents were higher here than any period in the history of the District. The people of the District were very much pleased with this effort to control prices, and especially the newspapers here congratulated Congress for passing such a wise measure. Now, let me say that October 1, 1941, is one of the three exceptions in this bill to fix the ceiling of agricultural products and this particular section gives a greater rise to more commodities than the 110 percent of parity or the average price of 1919–29. Now, why should they have in the city of Washington a base period of 1941 for rent and not have a base for agriculture in 1941 when the base period of agriculture does not place agricultural products out of line like the base period for rents here in Washington. The gentleman from Texas [Mr. PATMAN] undertook to limit to some extent the rent proposal but he was immediately assailed by many of the people here for his suggestion to modify the rent proposal.

There are, of course, other means of affecting or controlling prices than those provided in this bill. But this raises a whole series of questions relating to taxes, methods of borrowing, installment purchases, and other fiscal policies which I do not want to discuss. Instead, I want to turn my attention to section 3 of the bill.

Under section 3 we have provided that no ceilings shall be established for agricultural commodities below (1) the market price equivalent to 110 percent of

the parity price or comparable price for such commodity; or (2) the market price prevailing on October 1, 1941; or (3) the average price during the period July 1, 1919, to June 30, 1929. Again, there are differences of thought with respect to this section. On the one hand, it can be argued that most of the farmer's returns are, after all, wages for the labor of himself and his family, and that farm prices should be excluded from the bill. On the other hand, it is argued that agricultural commodities are the basis for food and food prices and that far more rigid controls than are provided in section 3 should be invoked.

In my opinion, the scheme outlined in section 3 is fair and reasonable to all parties concerned. Far too many farmers remember what happened following the general inflation of wholesale prices and rapid rise in land values during World War No. 1. Far too many farmers have spent the two decades since 1920 trying to pay off their mortgages and get back into a reasonable financial position to ever again want uncontrolled inflation.

But I am certain that farm people and their representatives cannot afford to accept any suggestion for price control which does not provide for returning parity prices and incomes for farm commodities and to farm people. After all, farm prices have not averaged parity for a single year since 1920, and, although they reached the parity level during the last month or two, prices of several of the more important farm commodities are still well below the parity level.

The average of farm prices from 1910 to 1940 was only 87 percent of parity, and cotton and a few other commodities were much lower than this. It would take a parity of 110 for 40 years to make up for this loss of prices below parity from 1910 to 1940.

These and other considerations have resulted in the formula or standards in section 3. First of all, we felt that the parity principle had to be recognized. But if farm prices are to be allowed to fluctuate in the open market, farmers will obviously never get parity for most of their products if ceilings are fixed at the parity level itself. So we set the minimum ceiling at 110 percent of parity, which means that farm prices may vary from the current loan level of 85 percent of parity to 110 percent.

The second proviso is that no ceiling shall be established below market prices prevailing on October 1 of this year. This is needed from the standpoint of sensible administration, and is in line with the general instructions relating to all ceilings in section 2. Certainly with the Secretary and the Department of Agriculture now engaged in an effort to encourage farmers to increase food and feed production and livestock marketings in the face of increasing labor costs and possible shortages of fertilizer and farm machinery it would be inadvisable to endeavor to reduce agricultural prices below the current level.

And finally, in an effort to provide a reasonably fair formula or set of standards which will give equitable treatment to the different producers of the several

agricultural commodities, we have provided that no agricultural ceiling shall be established below the average price prevailing during the period July 1919 to June 1929. This provision would currently give somewhat higher ceilings for some commodities than would otherwise be the case, would give a fairer set of relative price ceilings as between the several commodities than would the first two provisions alone, and would not result in any unwarranted increases in prices to consumers of either clothing or food.

Farmers have got along with considerably less than parity for two decades, and I think they deserve some consideration in this deal. We are asking them to produce more, and to do it with less—with less machinery, with higher cost supplies, and with less labor. So even if section 3 provides for price ceilings which might average 118 to 120 percent of the official parity level for October 15, I think we can afford it.

The great bulk of farmers are essentially laborers; and we have not yet seen fit to limit industrial profits, even though agricultural loans and price-supporting measures for commodities for which increased production is wanted are limited to 85 percent of the parity level.

In my section cotton is our chief crop. Not all the cotton we want to grow, you understand, but only that acreage which represents our proportionate share of the present market. And even supposing cotton might go to 20 or 21.5 cents, under this bill it would only mean that the farm labor used in growing it would get about 20 cents an hour. I suppose that farmers growing corn or wheat on fertile midwestern farms with large-scale equipment might make 40 cents an hour under the ceiling provided in this bill. But I do not believe that 20 or 40 cents an hour can be considered as unreasonable wages, or as too high a reward for maintaining the food and feed production we so badly need.

In fact, I think we would do far better to worry about what is going to happen to the several commodities on their journey from the farm to consumers in the retail market. After all, the farmer receives only about 50 cents of every dollar that the consumer spends for food and about a dime out of every dollar that the consumer spends for cotton goods and clothing. But this will never prevent the merchants and manufacturers from blaming most of the rising costs on the farm program or the Price Administration or some equally unreal cause, unless we pay far more attention to selling and processing margins than usual.

We have other forms of control, and this bill, if passed, will give a double check on prices of agricultural products and prevent same from becoming inflationary. So far as ceilings on agricultural products are concerned, you all understand, of course, that the administration already has means of controlling prices of many agricultural commodities, especially corn, cotton, tobacco, and wheat. This can be done by releasing stocks now held by the Government or by increasing the acreages which farmers can plant under the agricultural program. And with respect to food prod-

ucts generally—milk and eggs, vegetables, and meat—the food production for the defense program in which farmers and the Department of Agriculture are now engaged is further insurance against unwarranted price increases. But if these devices are to work, we must remember that farmers need reasonable prices and are entitled to them.

Mr. Chairman, I take the position that no person should be allowed to make extensive profits out of this national emergency, and in this emergency we must not create a crop of national-defense millionaires. If it is not germane to limit these large war profits in this bill, it should be done in a tax bill.

[Here the gavel fell.]

Mr. MILLS of Arkansas. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. BROWN of Georgia. I feel myself that the maintenance of our agricultural production is itself essential to the success of the defense program. And I want to call your attention to the fact that most producers of defense goods are operating under contracts which give them very excellent prices and which are not likely to be brought under the ceiling provisions of this bill. When we want guns or ships or shells or airplanes we are willing to pay the prices necessary to get the production. Why not realize that farmers must also stay in business and that they also deserve a fair break?

It takes an hour for labor to produce a pound of cotton. If cotton should sell for 21½ cents a pound, the laborer will get 21½ cents an hour for his labor.

The main commodities, as I said before, that would be increased by the 1919-29 average prices are cotton, which would be 2.65 cents more than 110 percent of parity; potatoes, which are selling now for about 50 percent of parity; butterfat, which would be raised 2 or 3 cents a pound.

I would like to know what consumers would suffer if ceiling price of cotton is raised to 21 cents a pound. Perhaps it would not bring near this price; but suppose it did; the consumer would not suffer. To illustrate this fact, I cite you to testimony of Mr. Nelson, a director of the Sears, Roebuck Co., who stated that a cotton shirt that retailed for \$1.50 or \$2 contained only 8 or 10 cents worth of cotton. Now, this is a fair illustration of the spread between the raw cotton and the finished article. Less than 10 cents out of every dollar's worth of cotton processed is paid to the cotton grower, so why should the consumer need to be alarmed at cost of clothing so far as cotton is concerned, and no one can be alarmed about it affecting inflation.

The so-called Henderson bill, and advocated by Mr. Henderson, set the minimum prices as the prevailing prices on the 29th of July 1941, together with the 110 percent of parity. The date July 29, 1941, was changed in the present bill to October 1, 1941. Without the so-called Brown amendment the ceiling prices of many commodities would have been around 140 or 150 percent of parity, such as beef cattle, oils, wool, and many other articles, so to correct this disparity and in order to give approximate equality to

all agricultural producers it is necessary to adopt the Brown amendment.

I agree with our colleague, Mr. PATMAN, when he stated that prices will continue to rise and that as more money and credit are provided, money becomes proportionately cheaper. As money gets cheaper, everything else increases in price in proportion. There is no escape from it.

He stated further that when farmers were forced to work for less than 5 cents an hour (and they did for many years), there was no noise made about the high purchasing power of the dollar; but if the farmer and the poorly paid unorganized workers who perform the hardest drudgery labor are by chance given a chance to earn 15 or 20 cents an hour for their work, a great hue and cry goes up immediately by those who are interested in making the purchasing power of the dollar higher instead of lower.

Any reasonable man knows that if we continue to spend twenty-five or thirty billion dollars annually we will have some inflation.

I do not think Mr. Henderson or anyone else is frightened about agriculture producing inflation. When he was asked to select one particular group that he feared more from an inflationary standpoint, he said metals, then chemicals, and, further, some of the fats and oils. Then he stated building material, then he added finished textiles and paper and pulp products. He was then asked by the gentleman from Texas [Mr. PATMAN], "Those are the ones you fear most?" Mr. Henderson replied, "I would say in general classification, imports." He was asked by the gentleman from Texas [Mr. PATMAN], "Do you fear a rise in agricultural prices so much?" Mr. Henderson answered, "No; I do not feel that there would be a fear of the rise in agricultural prices so much as a group as I do some of the others." Mr. Henderson placed emphasis on the fact that he wanted to keep down the prices of materials, including iron, steel, aluminum, copper, chemicals, rubber, and others that enter into the cost of national defense. This bill as reported gives him this power.

No man wants a wild inflation or a severe deflation. Both extremes are detrimental to democracy and government.

Of course, we all must realize that we are delegating all the power of Congress to one person to regulate and control our national economy. This is a lot of authority. In times like these it is important that we do not have run-away prices, but I insist that in placing so much power in one man, which affects every person in America, we should be careful and see to it that the control of prices should deal with only those commodities that bring on inflation, and if a ceiling must be placed on all, such ceiling should not be fixed below the point where inflation is not involved.

[Here the gavel fell.]

Mr. SPENCE. Mr. Chairman, I yield 3 additional minutes to the gentleman from Georgia.

Mr. BROWN of Georgia. There are several reasons why some special pro-

vision for agriculture is needed. To begin, we have spent the greater part of the decade building an agricultural program, and we do not want to destroy it. Farmers have sold for bargain prices far too long, and I feel that it is only fair to give them reasonable prices at present. Industrial products have long been protected by tariffs, and by the fact that many large concerns controlled so much of the market that prices could be set and maintained. At present, shortages of materials and Government contracts are insuring good prices for most industrial products, and we all realize that industrial ceilings will have to be adjusted from time to time if wages are increased. But farmers must operate as individuals, they do the most of their own labor, and they must depend in large part upon us for protection.

It is unjust to the farmers of the Nation to fix prices on their commodities without taking into consideration the cost of production plus a reasonable profit. Everyone knows that during the past 10 years prices which farmers have received for their commodities, especially cotton—which is the same as wages to farmers—have been so low that they could not exist on them and maintain a decent standard of living.

I desire to stress this point—that one-fourth of our people are feeding and clothing the Nation and have received for their labor less than 9 percent of the national income, and these people must be encouraged instead of discouraged to supply the Nation with food and clothing during the days of this grave emergency.

In conclusion, the emergency price-control bill does not contain all the provisions some of us may desire, but we have tried to make it fair to everyone affected by the bill. It does not fix any single or rigid over-all ceiling; it does allow for some further price improvement for commodities whose prices are currently out of line, and it does offer what seems to be a reasonable approach to the problem of price control.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from Michigan [Mr. RABAUT] to make an announcement.

Mr. RABAUT. Mr. Chairman, word has just reached me of the death of one of the illustrious sons of one of our sister republics in South America—the Republic of Chile. I refer to the President of that nation, Mr. Pedro Aguirre Cerda, one of the great liberal leaders of his country.

It was my distinct privilege and honor, in company with my colleagues on the committee which recently visited South and Central America, to spend an hour in pleasant conversation with Mr. Cerda and his charming wife. We were invited to the Presidential Palace in Santiago, Chile, for tea, and the warmth of the reception accorded us is indelibly impressed on my mind. Mr. Cerda was a man of becoming modesty, of broad vision, and of sincere purpose. We exchanged many ideas on the problems that are confronting both of our countries, particularly those having to do with the establishment of a real continental

solidarity. I found him to be manifestly cooperative and sincere in his devotion to the principle that our nations must come to know each other better and work for the common end of protecting our respective heritages.

On my own behalf and on behalf of my committee, I extend to Mrs. Cerda our heartfelt sympathy in her bereavement, and to the Chilean people an expression of our abiding sorrow at the loss of a noble son.

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. THOMAS F. FORD].

Mr. THOMAS F. FORD. Mr. Chairman, we are all vitally interested in writing into law an effective price-control bill. All informed persons know that there has been an alarming rise in prices, highest in the case of imported basic commodities, which have risen 54.6 percent since September 1939. In general, a rise of from 6 to 10 percent would be warranted, due to shipping and other conditions due to war, but the rise of over 50 percent is definitely not warranted. Only control by the Government will curb these prices.

Wholesale prices have risen 22 percent since 1939 and are still zooming. Of these farm products take the lead with a 47-percent increase, raw materials are second in line with a rise of 34 percent, and finished manufactures have risen 18 percent. These prices are abnormal and they threaten to be destructive to our standard of living and to normal business activity.

As pointed out by the able and learned and patient Price Administrator, Mr. Leon Henderson, metals and metal products have risen only 10 percent, despite greatly increased demand due to defense production. The reason seems clear—that the 40 price ceilings now in effect are largely on metals and metal products.

As yet retail prices are only beginning to reflect the rise in wholesale prices, but increases are coming fast. For instance, up to January of this year the cost of living had increased only 2 percent since August 1939, but it increased 3 percent between January 1 and July 30, and has steadily risen since July. Just as sure as death and taxes is the certainty that retail prices and the cost of living will continue to rise until we have not the present 9- or 10-percent average increase but twice or thrice that much. And such an increase spells inflation.

It means less food for the workingman's table, less milk and bread and fruit and vegetables for his children. It means privation and undernourishment for those on small fixed incomes; it means an America in which half of our people are bled white by high prices and profiteering.

I need not go on with this. Every man and woman here today knows what uncurbed prices in a period of great productive activity do to the rank and file of the people. And they know how in the end even the profiteer and his family suffer ruin in the general collapse that inevitably results from an uncontrolled rise of prices.

We have had one such experience in this generation and unless we are crimi-

nally blind and impotent we will not permit another.

The question is, then, how to prevent it. And the answer is by wise and fair and practical price-control legislation.

The price-control bill originally considered by the Committee on Banking and Currency, of which I am a member, provided that a ceiling could be placed on any commodity that threatened to get out of line. It thus enabled the Administrator to put the lid on at the right time.

As an effective method of insuring control, the bill provided for the issuance of licenses to those selling the commodity. If the dealer tried to evade or disregard the ceiling, his license for the sale of that commodity could be revoked.

That is a very important part of the bill, opposed by those who hate to interfere with business but finally included in the bill now before us.

Another important and, I believe, necessary provision is that authorizing the Administrator to enter the market in order to influence prices.

Now as to the bill sponsored by my distinguished colleague from Tennessee, Mr. GORE, I only want to offer a few observations. In the first place the bill does not, in vital particulars represent the Baruch plan.

The Baruch plan contemplated the freezing of prices as of January 1, 1941, a period in which, a study will reveal, prices were generally stable and at a fair level.

It follows, therefore, that since Mr. GORE's bill fixes the freezing date at or about the date the bill would become a law, his measure freezes at an inflationary level and, therefore, freezes profiteering.

I am wondering how the thousands of small industries who have not yet been able to adjust their price structures to their increased costs would fare under this all-out over-all freezing plan. I wonder how labor, not organized labor—that group is able to protect itself, but the 33,000,000 unorganized workers, whose pay ranges from 40 to 60 cents per hour—would feel about having their wages frozen at present low levels while most of the things they buy, food, clothing, and shelter, are already 9 to 10 percent above normal and rising at the rate of 1 percent per month.

Mr. COOLEY. Mr. Chairman, will the gentleman yield for a question?

Mr. THOMAS F. FORD. Yes.

Mr. COOLEY. On page 21, line 18, reference is made to service establishments.

Mr. THOMAS F. FORD. Yes.

Mr. COOLEY. I would like to ask the gentleman whether or not it is his understanding that an institution such as a hospital would be classified as a service establishment?

Mr. THOMAS F. FORD. No; that amendment was written in specifically for the purpose of safeguarding advertising and things of that kind.

Mr. COOLEY. The language of the bill is:

The term "commodity" * * * includes services rendered otherwise than as an employee in connection with the processing,

distribution, storage, installation, repair, or negotiations of purchases or sales of a commodity or in connection with the operation of any service establishment.

The words "service establishment" would certainly mean dry-cleaning establishments, would they not, and laundries?

Mr. THOMAS F. FORD. I presume it would.

Mr. COOLEY. Would it be broad enough to include hospitals?

Mr. THOMAS F. FORD. If it is, I do not believe the committee ever dreamed of any such thing. The word "hospitals" was never mentioned in the hearings.

Mr. COOLEY. I was just wondering if a hospital would not be classified as a service establishment.

Mr. THOMAS F. FORD. I do not think so. There was no intention of anything of that kind.

There is another phase of this price problem that so far has not been adverted to. That is the vast saving to the United States Treasury that has so far resulted and will result in the future.

Let us take just two items alone. The first is steel. The Administrator has fixed a ceiling on steel. This ceiling is \$55 per ton. In the period of the World War, I believe that steel sold for at least twice that price per ton. We are going to buy billions of tons of steel and we are going to buy it at about one-half of what it cost the Federal Government in the World War.

The same is true of copper. Copper in the World War went to 26 cents and at the present time, copper, that is the general product, is pegged at 12 cents per pound, with an allowance of a little more for mines that cannot produce at that rate and which will be a small item in the entire picture.

Mr. Chairman, I believe the bill we have brought out of the committee, with the amendment that will be offered to it when it is considered on the floor, is a fair and just measure, and I believe it will do the job.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. ROLPH].

Mr. ROLPH. Mr. Chairman, the vote of 18 to 5 shows this legislation is by no stretch of the imagination a partisan measure.

I take this opportunity of saying it personally makes me feel badly that I cannot bring myself to support the ideas of the gentleman from Tennessee [Mr. GORE]. I admire him greatly. The gentleman from Tennessee [Mr. GORE] is an exceedingly able member of our committee.

Others will speak about agriculture, allocations, inflation, installment buying, licensing, margins, profits, profiteers, reserves of gold, and the Treasury Department.

I want to speak on wages.

Before I do so, however, I desire to say a word about Leon Henderson, one of the most amazing gentlemen it has been my pleasure to meet. Prior to the time Mr. Henderson appeared at the hearings of our committee, I had never seen him.

The fund of information he has at his fingertips is positively uncanny. For days on end he was questioned on every conceivable phase relative to the theory and practice of price control, but never once was he at a loss for an answer. Before meeting Mr. Henderson, I must confess, I had serious doubts as to whether he was practical enough to handle such an essentially practical problem as price control, meaning, as it does, complete business and industrial supervision, but after listening to him I am thoroughly sold on his ability.

Mr. MURRAY. Mr. Chairman, will the gentleman yield?

Mr. ROLPH. I will be delighted to yield to the gentleman.

Mr. MURRAY. Would the gentleman be surprised if some of the answers would not really hold water? He can give the answers, but they are not always the right answers.

Mr. ROLPH. My answer to that is that my experience with Mr. Henderson is confined to his appearance before the Banking and Currency Committee, and I was tremendously impressed with him. I know nothing whatsoever about him otherwise.

Mr. MURRAY. I do not know anything about him otherwise either, but when he or Dr. Lubin or anyone else states that cotton has increased 89 percent since July 1939, it does not mean much without telling the whole story, which is that cotton at that time was less than half the cost of production.

Mr. ROLPH. Of course, the records will show that. We can all make mistakes about statistics.

Mr. MURRAY. It is not a question of making a mistake, but you got answers that gave you a wrong picture of the situation.

Mr. ROLPH. I think we analyzed this picture of price control very thoroughly, not only from Mr. Henderson, but from the other witnesses, and I do not believe any question could be more thoroughly investigated by any committee than the question of price control was investigated by the Banking and Currency Committee in connection with this particular bill.

The difference between the Steagall bill or the selective type, as against the Gore proposition is simply a question of a practical bill, and, what those who oppose the Gore bill, consider impractical. Mr. Henderson believes in the selective type, due to his experience in the N. R. A. N. R. A. was really an attempt to put a ceiling and control on almost everything, but as you remember, it did not work.

The very idea of Government control is not only abhorrent to everyone, but it is distasteful as well. It is contrary to every idea of that free spirit in enterprise, which through the years has meant so much to the Republic. However, one has only to recall what happened after the World War, to each of us individually, and to the Nation at large, to realize we need something to protect ourselves against ourselves.

Prices cannot always go up. Sooner or later they are bound to come down and it is this latter condition which causes the greatest distress. The higher

prices go on the up side, the lower will be the drop later. The high prices of 1917-19 were followed by the collapse of 1920-21. Out in San Francisco many firms were ruined, because when the drop came they found themselves with huge inventories and no buyers.

So, most people have changed their minds, and I, for one, am for price control in an emergency. It is better to be safe than sorry. The losses in depression are simply colossal and ruinous with bankruptcy and distress everywhere.

While opinion is practically unanimous, that theoretically the over-all ceiling idea is the correct one, nonetheless I am positive in actual practice it would prove not only impractical but absolutely unworkable.

In the first place, public-utility rates and freight rates are covered by other legislation and administered by other bodies. Therefore, before we start, we find two extremely important elements of cost which cannot be brought into this legislation unless the Congress wants to abolish those bodies.

Wages have been the subject of endless discussion—in the committee hearings, informally by Members of Congress, by the press, and by the people generally. From what I have been able to gather, all the discussion centers around those men and women working in production industries, but nothing is said about the millions and millions earning wages, salaries, and commissions, who would naturally have to be considered if a ceiling is put on everything. Let me repeat the definition of "wage" as given in Mr. Gore's bill. I quote:

Wage means the rate of consideration received or receivable for the performance of labor, whether in the form of wages, salary, or any other form.

Sounds simple, does it not?—but, personally, I question whether any of us ever read such an all-inclusive statement in our lives. It is so complete and all-embracing, it positively staggers one.

Just for the sake of argument, let us take the medical profession. Suppose a person of wealth has an attack of appendicitis and needs an operation; and suppose further a poor migrant worker in the same community has a similar attack and requires a similar operation. The operations are exactly the same, the skill required in one case is just as highly trained as in the other. The physicians have the same delicate technique, and are equally successful in saving the lives of the two patients. In one case is a patient, well able to pay a handsome fee, whereas in the other the doctor will be fortunate if he gets any fee at all. Should he get one it will be extremely modest. You say, "Oh, this is an extreme case" but do not forget if we have a ceiling on wages everybody must be treated alike under the law. Otherwise it is no law.

If you think the example of the doctors is rare, and I personally think it would be quite common, let us take the case of officers and clerks in banks. Banks are more or less under Government control right now. They are subject to examination, by either representatives of the Federal Reserve System or by State banking

departments. It simply is a case of whether they belong to the Federal Reserve System. Banks are located in almost every city, town, and hamlet of the Nation. Some are gigantic institutions, such as those in the great metropolitan cities and some are very small, catering to the business needs of tiny rural communities. You cannot imagine putting an intelligent ceiling on these salaries, but it would have to be done, if you start to control wages. As I see it, even Christmas bonuses would be out.

Suppose for the sake of argument we eliminate all such wages and confine our law to those who are working in factories, and so forth, and who are usually called labor—both organized and unorganized. In testifying before our committee, experts said one steel company has over 15,000 different wage schedules, whereas General Motors has over 20,000. There are 10,000,000 organized workers alone, divided just about equally between American Federation of Labor, and Congress of Industrial Organizations. In addition, it is estimated there are about 29,500,000 others in America working for wages in nonagricultural pursuits.

If Congress insists in writing wage control into this legislation it will probably mean court actions developing out of its administration, which will tie the hands of the Administrator for months and possibly years, and the whole proposition will bog down in such a morass of details as to mean no price control at all. To be effective we need price control now.

We need planes, tanks, ships, and munitions of all sorts for national defense. That is the thought underlying price-control legislation.

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from Vermont [Mr. PLUMLEY].

RUN-AWAY INFLATION

Mr. PLUMLEY. Mr. Chairman, when a man says the same thing enough times, the people listen. They either brand him as a crank or they finally agree that he talks sense. I am sorry we have to consider a price-control bill, but it has been wished on us by this administration. That fact should not be overlooked by anybody.

I have talked about price control before. In fact, several times. Nobody listened. Few if any read the speech I made on August 4 last on price-control legislation. I wish I might hope that somebody would see some sense in what I have said and shall say again. I fear it is a vain hope.

I take a crumb of comfort, however, out of the mélange as I observe that some of my prognostications have come true. It gives me courage to iterate and reiterate my statement that the proposed price-control bill as reported by the committee is no answer at all to the inflation problem.

The Gore bill, comparatively speaking, is so much better a weapon in the premises that really and practically there is no comparison. Those who would do the people of the country a service should preferably vote for the Gore bill if and when they have an opportunity to do so.

The truth is, as I have said and say again, it is just common sense that there

can be no real price control without wage control. It is too elementary and axiomatic a proposition to require discussion or demonstration. To say that we can avoid direct control of wages is wishful thinking. It is the only way, if experience is a standard, that an upward tendency of costs can be controlled. A general advance in wages, like an advance in the cost of living, means general inflation. Labor is not being bought or sold. That is all bosh. To regulate wages does not make labor a commodity. Or shall we turn this Government over to be run and administered by John Lewis and others.

Admittedly it is one thing to enact a law and another to administer and enforce it, but a lop-sided law falls as it trips over its own feet, and it gets nowhere except into trouble. The committee bill is lopsided.

It is true that the time to think about price control and inflation was 6 years ago, when anybody who could see a hole through a ladder could see where we were headed. Some of us tried to stop it, but the people were more interested in living off the Government than in prolonging their expectancy. I could take malicious pleasure in saying "I told you so" were it not for the millions of innocent taxpayers who are now about to be led to slaughter.

Now, if we wish we can try again to sail head-on into the bitter wind of experience, but just as sure as fate we will be blown out of the water, wrecked, and economically sunk unless we realize that price control and wage control go hand in hand. It is probably true that either prices must be controlled or the country will experience a runaway inflation. If control is the ultimatum, the runaway is on the way.

To attempt to control prices and not to control labor costs involves economic consequences of the most far reaching nature and grave disturbance of the social order in time of peace or in time of war. Price control without wage control just will not operate, except disastrously, in a democracy any more than in an autocracy. Political expediency has no place in this picture.

And, moreover, the control of either should never be delegated by Congress to anybody other than to a committee of its own selection or creation. Such action as is taken should be that of the people through their representatives in Congress, who should reserve to Congress, as such representatives, complete control, in the final analysis, of the attempt to exercise control of either or both prices and wages. That is what I think.

It is also true and incontrovertible that we are facing an inflation that has been superinduced by the foolish and unwise policies of this administration; however, that does not relieve us from our responsibility to save ourselves, insofar as it may be possible so to do, now.

Is price control a way out? Not without wage control, and possibly not then. There are no "ors," "ifs," or "ands."

Since February, when the price advance began, living costs have increased 8½ percent, wholesale commodity prices almost 14 percent, and the prices paid to the farmer for his products 35 percent. Wage rates, in gen-

eral, have also risen, even though the gains are very unevenly distributed among industries. Average hourly earnings in 25 manufacturing industries in October were already 10½ percent above those of last February, according to data of the National Industrial Conference Board.

Legislation is not the complete answer. The hard-boiled truth is that any price-fixing or price-ceiling legislation with respect to agricultural commodities that does not simultaneously control prices of industrial products and wages in an equitable relation to farm commodity prices is not worth the paper on which it is written.

"Full control of prices or inflation" should read "full control of prices and wages and inflation anyway," but possibly modified. That is all for which we may hope. There is no use trying to fool ourselves or in being fooled any longer.

Inflation is here. Can we control it? Not by the bill as proposed by the committee. You wait and see.

The price-control bill, as proposed by the committee, when and if enacted, will not of itself "be an answer to the rising inflation problem; will not solve anything much." Why make the useless gesture?

On the other hand, as between the two, the so-called Gore bill deserves the support of those who know "what it's all about," even superficially, as someone said to me this morning, and it is the answer to those who are in doubt.

The committee bill is a mess in itself, and wishes on the country a recommended cure that is worse than the ills from which we now suffer and would flee.

As Mark Sullivan said Sunday in his column:

The price-control bill says specifically that nothing whatever shall be done about wages of labor in industry. By specific mandate the bill forbids any action affecting wages of any labor in any industry.

Wages, of course, are a large factor in the cost of what the farmer buys. If wages go up, the price of clothing goes up, as does the price of household goods and farm implements.

Actually, wages are going up, as everybody knows—going up rapidly. Since they are left free to go up, they are practically certain to continue to go up, under existing conditions. Consequently, the price of what the farmer buys must go up. And, consequently, the price of farm crops must go up—parity price must go up.

Observe what happens. It is a vicious circle in five segments. You can take any of the segments as the beginning.

First. The price of farm crops goes up. That means the price of food goes up. The cost of living goes up.

Second. Labor, and labor's wife, says "The cost of food has gone up. We must have more wages." And labor gets more wages.

Third. Because labor gets more wages, the cost of clothing goes up, and household goods and farm implements. That is, the price of what the farmer buys goes up.

Fourth. The farmer now says, quite reasonably, "The price I get for my crops must go up." Parity prices must go up.

Fifth. The law says this must be done—assuming the price-control bill becomes law.

And so the vicious circle begins again—upon a rising spiral. It goes like a chant: Crop prices up, wages up, prices of all goods up—crop prices further up, wages further up, prices of all goods further up.

Can the end be anything but the sky? Anything but unlimited inflation?

The price-control bill purports to control the prices of goods generally, manufactured goods and the like—yet let the wages run free, and hence farm crops run free. It can't be done.

Others will elaborate upon this subject at greater length and state logically and clearly their reasons which support and confirm my contention that if we are going to do anything we should go all the way.

The Gore bill does something, at least, to protect us against, and to aid and assist us in the control of, the inflation that is with us now and which is the greatest threat to our domestic economy.

Progress is being made, but is only being made slowly, in grappling with the inflation danger. If price-control measures are to be effective even after the requisite legislative authority has been granted, it is generally agreed by economists that they will have to apply to all prices without favored exceptions.

Take it and like it, or else. The common sense of the brightest minds down through the century finds but one answer to the question—namely, there can be no favored exceptions.

The farmers of Vermont, as I am advised by the Honorable E. H. Jones, commissioner of agriculture, and by the Honorable Arthur Packard, president of the Vermont Farm Bureau, object to price ceiling on agricultural commodities with organized labor uncontrolled and industrial wages unrestricted.

That is exactly the gospel I expounded when I spoke concerning price control in this Well on August 4 last, and I still adhere thereto.

I am convinced that failure on our part to include the elements and implements recognized and suggested as necessary to make the bill effective to stop inflation is comparable to an attempt to stop an airplane en route to Florida by whistling at it from the top of the Washington Monument—and is just as sensible a procedure.

Mr. WOLCOTT. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. DIES].

Mr. DIES. Mr. Chairman, almost 3 months ago I called the President's attention to the kind of people who were employed in the Office of Price Administration. I showed by unimpeachable documents that some of the higher-bracket employees in Leon Henderson's agency had long records of affiliation with Communist organizations. I showed from their own writings that these people were opposed to the American system of democratic free enterprise. Specifically, I called the President's attention to Robert A. Brady, Mildred Edie Brady, Dewey H. Palmer, and Tom Tippet.

Today I have made a check at the Office of Price Administration and I find that these four persons are still employed there. Despite the overwhelming and unanswerable evidence that they are persons of decidedly Communist views, they continue to hold their positions under Mr. Henderson and to draw their salaries at the expense of the American taxpayers.

Before reviewing some of the evidence which I submitted to the President, I want to say that any legislation designed to control prices must, in the very nature of our economy, mean a temporary suspension of at least a part of our system of free enterprise. At best the suspension will be temporary and for the duration of the national emergency only.

Whether or not we have a return to the system of free enterprise with which our system of democratic government is inseparably linked depends in large part upon the character of the persons who administer just such measures as this House is now contemplating. If a price-control measure is to be administered by persons who are declared enemies of the system of free enterprise, there is no evading the responsibility which confronts us here. That responsibility, as I see it, is to say to the President: Give us the assurance that we are not jeopardizing the future of American democracy, purge the Office of Price Administration of its Communists and fellow travelers, then the Congress will more cheerfully agree to a temporary suspension of some of our cherished freedoms.

I wish now to lay before you certain facts which show that the Office of Price Administration is staffed with appointed officials whose recorded views are completely at variance with any concept of Americanism that could find substantial support among the American people. The recorded views of Mr. Henderson's chief subordinates, as I shall presently make clear, are views which have found acceptance only in Communist circles. For the present I shall confine myself to the records of the following individuals:

Robert A. Brady, head consultant of O. P. A. C. S.; salary, \$7,500.

Tom Tippet, assistant chief of Rent Section of O. P. A. C. S.; salary, \$5,600.

Dewey H. Palmer, consultant of O. P. A. C. S.; salary, \$20 a day.

Mildred Edie Brady, principal specialist in consumer education of O. P. A. C. S.; salary, \$5,600.

In addition to these 4 prominent assistants in the Office of Price Administration, there are at least 50 other employees in Mr. Henderson's agency who have records of affiliation with Communist-front organizations.

Let me begin with Mr. Brady's record. In 1937 the Left Book Club of England published a volume written by Robert A. Brady. The volume bears the imprint on its title page of the London publishers, Victor Gollancz, Ltd. In his recent testimony before the Committee on Banking and Currency Mr. Henderson stated that he ran through this Brady volume at the time of its publication. It must, therefore, be assumed that the Price Administrator had some knowledge of the views of his head consultant before he appointed him to one of the most important posts in the Government. In his testimony before the committee Mr. Henderson conveyed the impression that Brady's volume was nothing more than an attack on nazi-ism. He did not, of course, commit himself to an endorsement of every sentence of Brady's book. He did, however, make perfectly clear to the House committee that he was not

prepared to repudiate the thesis and spirit of the volume. He merely observed that there were a couple of passages in the Bible itself about which he had some reservations. This might be taken to mean that Henderson's endorsement of Brady's book is pretty sweeping, although not absolute.

I have no hesitation in asserting that this Brady volume is, from beginning to end, an exposition of, and an attack upon, nazi-ism from the standpoint of the Communist Party line—as that line was laid down by Moscow in the year 1937. I am confident that any unbiased reading of the book will result in that conclusion.

Here is a sample of Brady's views:

For better or worse, the deeper issue now being squarely faced is whether capitalism as a coercive, political, and economic system should be allowed any longer to survive. * * * As all parties realize, the end result will be either the triumph of reaction and a new lease on life for capitalism, or else a victory for socialism and the extermination of the rich and powerful of bank, factory, bivouac, and cloister.

Think of that, my colleagues. Here is a man who frankly advocates socialism and the destruction of the church.

Here is another sample from Brady's book:

Present-day mass poverty exists not alone because the privileged have squeezed all there is to have out of the system but because the system itself has broken down.

In connection with this statement, I wish to point out that it was made by Brady in the year 1937 and not in the period of the collapse of 1929, as was inferred by Mr. Henderson in his testimony before the Banking and Currency Committee.

I call the House's attention to Brady's advocacy of revolt:

In the changed modes of life which the industrial system has compelled, and under which increasing masses of people are herded together within the confines of giant cities, the old security reserves of family and return to the land are denied to all except the occasional few. There is nothing left for those who remain except idleness, privation, and the charity dole. Nothing else except revolt.

In his testimony before the House committee, Henderson described Brady as "a qualified observer of conditions." I am forced to the conclusion that Brady is absolutely unfit to occupy his present strategic position in our Government.

Once more, I quote from the head consultant of Office of Price Administration:

Every business establishment is, in other words, completely autocratic and completely undemocratic in structure, ideology, and procedure. It is, by the same token, completely intolerant of all opposition within or without, or of any criticism which does not redound to the advantage of the profit-making possibilities of the enterprise.

The author of this statement has disqualified himself utterly from any fitness to hold a Government position so vitally related to the functioning of our system of free enterprise.

But let us look again at Brady's own words:

The condition of society in which the businessmen would rule would be that one which is natural to them. It would, as a

matter of course, be centralized, autocratic, and intolerant, and it would be so constructed that each would get exactly what he deserves for the simple reason that according to the rules he deserves whatever he can get. It is the well-accepted business view that most, if not all, of the unemployed are shiftless, worthless, irresponsible, and undisciplined. It is taken as axiomatic that the lowest wage earner receives all that "is coming to him," since if he could get more by any means which does not disturb business routine it is obvious that he would.

It is wholly unnecessary for me to point out that this is simon-pure Communist doctrine with respect to our system of free enterprise.

Consider the farcical outrage of placing some of the operations of business enterprise under the supervision of a man who believes the following about business:

Here we have the business enterprise, perhaps the most completely amoral and materialistic single-purpose institution the human mind has yet devised, governed by a class of men who may be ever so sentimental with their children and ever so kind and gentle with their wives, but who, in order to maintain their position unimpaired as the prime material beneficiaries of economic activity, are compelled to resort to the wholesale promotion of one of the most incredibly jejune, intellectually and emotionally shallow, and crudely primitive faiths known in the iridescent annals of myth and fable.

Here is another sample of Brady's devotion to the party line:

The inner face of fascism considers man as a beast of prey. Scientists, artists, the rank and file of the people, may recoil from this doctrine; the leading figures in the business world of Italy, Germany, England, France, and the United States do not.

Note the Communist Party line—as of 1937—and the glib manner in which it lumped together—

the leading figures in the business world of Italy, Germany, England, France, and the United States.

Businessmen will be especially interested to learn that a high Government official thinks the following:

Is there any fundamental difference in appreciation of human values or in general outlook on life between a stockbroker and a pirate? So far as the specific activity is concerned there is no difference, not even in the methods of sharing the spoils. What on the open seas is thought of as an outlaw and piratical raid of group on group is, in another setting, played as a legitimate game in which each man is pitted against every other man for all he can "get by with" short of a snarl with criminal law. That businessmen in the United States hold this view is beyond question.

Does Brady believe the United States has been a true democracy or simply a technically nonfascist state? Listen to his words:

There is no forecasting the outcome. But of this much we can be certain: If and when fascist forces seize power in England, the United States, or other still technically nonfascist countries, they can do no more than control the power of the national state.

And now for Brady's conclusion:

There is no hope against all this except that of sweeping away the very foundations on which fascism constructs its brittle edifice.

If the world-wide fascist trend of things is to be reversed, what is left of democracy must be reinforced, and the sweep of the tide turned. But this means an erosion of fascist foundations, not by humanizing business enterprise but by arraying together all those forces whose face is turned the other way. Against an opponent who believes singly and solely in force and guile force must be massed. The hope of the people of the United States is to be found, not in giving free rein to monopoly-oriented and fascist-inclined capitalism but in turning back its fields, factories, and workshops to those who fought its war of freedom against a tyrannical power and who built, with their muscles and brains, all the real wealth and all that there is in America which deserves the name of culture. But it will not come to them as a gift; they must learn that the only solution to recovery of their heritage lies within themselves.

Such is the conclusion to Robert A. Brady's book. I submit that if Leon Henderson is unwilling to brand that conclusion as an expression of Communist doctrine, he is demonstrating his unfitness to understand the grave problems with which we are wrestling as a nation today. If, on the other hand, Henderson has the intellectual understanding and courage to brand Brady's views for what they obviously are, the people of this country will want to know why he chooses to consult, at the people's expense, one who is so frank in his espousal of communism.

Brady was one of the associate editors of a publication known as *Black and White*. This periodical followed the Communist Party line without the slightest deviation. On page 4 of the December 1939 issue of *Black and White*, there is an announcement of the opening of the Communist Party's workers' school in Los Angeles. The publication gave the school its heartiest endorsement.

Brady was a member of the national committee of the new defunct American League for Peace and Democracy. It is no longer necessary to argue that this organization was an obedient front of the Communist Party.

Brady was a member of the Harry Bridges defense committee. This committee accused the Government of making an "un-American attack on organized labor" because it instituted proceedings for the deportation of Bridges.

In August 1939 a group of well-known Communists and fellow travelers issued a manifesto declaring their belief in the excellence of the Soviet regime. Brady's name appeared as one of the signers of that manifesto.

Brady was also a national sponsor of the front organization in Hollywood which designated itself the Motion Picture Artists' Committee. He was chairman of the western branch of Consumers' Union.

I come next to the name of Tom Tippet, Assistant Chief of the Rent Section of O. P. A. C. S. Several years ago Tippet wrote a book entitled "When Southern Labor Stirs."

A perusal of the following quotations from the volume will show something of Tippet's political philosophy and program. I cite the following:

The partial explanation for much of what appears to be a stupid policy of the American

Federation of Labor lies in its tendency to be businesslike and respectable and to do nothing that would savor of radicalism.

To marshal the forces of labor to act in its own interest is a task that is not accomplished in a day—or a year. Meanwhile privately owned factories are the workers' source of bread, and will be until a successful revolution is here.

The answer to that is seen by comparing the relative strength of pure and simple trade-unionism in America with England, where the labor movement openly aspires, in its propaganda at least, to eliminate the capitalistic system. In this country the American Federation of Labor subscribes as wholeheartedly to capitalism as does any other institution. And in doing so it is cutting its own throat.

A few years ago a Communist group operating under the name of Trade Union Conference held a national convention in Cleveland. You will find the name of Tom Tippet as one of the signers of the convention's document which is described as A Call to Action. No more completely Communist document has ever been published in this country. Examine it for yourself in order that you may be fully apprised as to the character of the men with whom Leon Henderson has surrounded himself. Tippet's co-signers of this document included William Z. Foster, chairman of the Communist Party of the United States, and Earl Browder, erstwhile general secretary of the Communist Party in this country. In addition to these top figures of the Communist Party whose names appear on this document, there are many others who make likewise no secret of their membership in the party.

The following excerpts from the document which Tippet signed will establish beyond any doubt the fact that these two men were affiliated with outstanding Communists in a program which was completely Communist:

We call upon the workers and farmers to arouse themselves, to refuse to be duped by rosy dreams, to organize and fight against the Roosevelt-Wall Street program. * * * Initiate and support all efforts of the workers to organize in shops, mines, stores, and offices; strengthen the existing class unions and to build fighting industrial unions to carry on the class struggle of the workers against the bosses and boss-controlled Government agencies.

Tippet was a member of the national executive committee of the Conference for Progressive Labor Action. The group's executive secretary was Louis Francis Budenz, who is now the editor of the *Daily Worker*. The organization stated its purpose in the following language:

It seeks to stimulate in the existing and potential labor organizations a progressive, realistic, militant labor spirit and activity. It aims to inspire the workers to take control of industry and government, abolish the present capitalist system and build a workers' republic, and an economic system operated for the benefit of the masses and not of the few.

For 10 years Tom Tippet was on the faculty of Brookwood Labor College. In the college's own report it is stated that, out of 43 graduates, "31 are Communists of one brand or another." The report goes on to say:

Be it said to Brookwood's credit that it has not manufactured any Republicans or Democrats.

And Tippet is a \$5,600-a-year man in O. P. A.

Tippet wrote a book in which he poured scorn and contempt on the Constitution of the United States in the following language:

The Constitution was, in fact, drawn up in secrecy by a convention of property owners—merchants, money lenders, lawyers, and great landowners. These people had not been given the power to draw up an entirely new form of government. But they took the power, and then they succeeded, by untiring efforts, in getting the new form of government put into effect. In 5 of the 13 States, however, the vote of the people went against the Constitution, not in favor of it. The workers and poor farmers, the slaves and indentured servants, were not allowed to vote either for or against the Constitution. These were the groups, in addition to the better-off farmers, who were most against the Constitution. The Constitution was, in fact, favored by only a small part of the people—the merchants and lawyers and money lenders, the owners of bonds and large estates.

I come next to the name of Dewey H. Palmer, who is listed as a consultant of O. P. A. C. S. at \$20 a day. I have a reproduction of a memorandum in the handwriting of Mr. Palmer. In this document Palmer made no secret of his "C. P. sympathies," meaning, of course, his Communist Party sympathies. I have another document which is a type-written memorandum bearing the signed initials "D. H. P." This memorandum was written by Dewey H. Palmer. It established beyond any question the author's views with respect to communism and the Soviet Union. Finally, in connection with Mr. Palmer's Communist record, I have a letter addressed to him by one Sadie Frankel. The letter is on the stationery of the *Daily Worker Medical Advisory Board*. Miss Frankel's salutation was the usual one between members of the Communist Party. Palmer was formerly technical director of Consumers' Union.

Finally, I cite the record, or a part of the record, of Mildred Edie Brady, and I might say, incidentally, that his former wife, Dorothy, is also employed by the Government. Mrs. Brady, the wife of Robert A., is listed as principal specialist in consumer education of O. P. A. C. S. The combined salaries of Mr. and Mrs. Brady are \$13,100. A year ago Mrs. Brady was managing editor of *Friday*. Her name appeared as managing editor in that publication from the middle of 1940 until late in the year. Even the slightest examination of the weekly magazine *Friday* will show that it is nothing more nor less than a Communist Party line publication. Its policies have followed meticulously the line of the party, with all of its sudden shifts, reversals, and fluctuations.

In summing up the situation, I wish to make the observation that Leon Henderson has surrounded himself with highly paid assistants who are, by their own public records, strangers to the American way. The committee of which I have the honor to be chairman has learned that Communists specialize in the penetration

of Government agencies wherever there is a lack of vigilance against their Trojan horse tactics.

Three months ago I brought these facts to the attention of the President. I believe that the Office of Price Administration has had ample time to discover for itself the Communist views and connections of these officials whose records I have cited.

I believe, in the interest of the country, that these facts should be given to the Congress.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. DIES. Yes.

Mr. COOLEY. The gentleman says that Brady had a wife and a former wife in O. P. A. C. S.?

Mr. DIES. Oh, his former wife is in another administration. She draws \$4,000 a year. Mr. Brady's salary is \$7,500 a year, and his wife's salary is \$5,600 a year. He and his wife draw \$13,100 a year.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. DIES. Yes.

Mr. VOORHIS of California. I believe it is true that Mr. Henderson referred these cases to the Civil Service Commission for investigation, or so I am informed. I was informed today by the Commission that they expect that within 3 or 4 days the Board that has been appointed to hold hearings on them will make a report. Does the gentleman understand that to be the case?

Mr. DIES. I learned that indirectly and through rumor this afternoon. I do not know whether this is official. If the gentleman's information is official, I accept that.

Mr. BECKWORTH. Mr. Chairman, will the gentleman yield?

Mr. DIES. Yes.

Mr. BECKWORTH. I just heard the observation of the gentleman from California [Mr. Voorhis] in respect to the Civil Service Commission. I am wondering to what extent the Civil Service Commission was consulted when the appointments of these people were made.

Mr. DIES. I have never heard the facts in connection with that. As I recall, Mr. Henderson when before the Banking and Currency Committee, stated that the original appointments came through the Civil Service Commission. The point I make is this, that there is not any question about the records of these people, and there is not any question that they do not believe in the American form of government and our system of free enterprise. They constitute but a very small part of the large number of Communists and fellow travelers who are on the public pay roll, and my object in bringing these facts to the Congress is simply this. How can Congress intelligently pass legislation and entrust its administration into the hands of people who do not believe in our system of free enterprise? That seems to me more important than anything that might be in any bill. An unwise bill may be admitted by wise and patriotic men, who have our system of government at heart, and will even be successful, while a wise bill put into the hands of crackpots, or into the hands of

men who do not believe in our system of free enterprise and are seeking to use their opportunities to revolutionize that system, will result in failure.

Mr. O'HARA. Mr. Chairman, will the gentleman yield?

Mr. DIES. Yes.

Mr. O'HARA. The gentleman has had a great deal of experience in investigating these persons who were named as being connected with the Communist organization. I believe the gentleman stated that he made this report to the President 3 months ago.

Mr. DIES. Nearly 3 months ago.

Mr. O'HARA. Would the gentleman be able to say how long it has taken the President or Mr. Henderson to investigate?

Mr. DIES. We submitted to the President documentary evidence in the form of exhibits, so that there was before the President the complete evidence, and it is evidence that I believe would compel the discharge of these people. We have not submitted to him the names of the people without accompanying the names with the exhibits and the documentary proof, showing the facts that we allege. I believe that they have had ample opportunity to discharge those people.

Mr. RANKIN of Mississippi. Will the gentleman yield?

Mr. DIES. I yield.

Mr. RANKIN of Mississippi. The gentleman from Texas points out the vast powers conferred by this bill, delegating to one man the power to fix prices on everything that is purchased. As a matter of fact, if you give to any agency of government the right to fix prices, then it must take the power and will take the power to ration the purchases; will it not? Is not that the history of this totalitarian movement all over the world?

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. SPENCE. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. Klein].

Mr. KLEIN. Mr. Chairman I would like to make this statement. Before my election to this body I was an attorney employed by the Securities and Exchange Commission. I worked there for 6 years. During 2 or 3 of those years I worked very closely with Leon Henderson. I got to know the man, and I know how he works and how he operates. I want to say to this House that if there is any Member of this House who would be tempted to vote against the committee bill because of the powers given to Mr. Henderson, they need have no fear. He is honest, able, and hard working. I am sure there is nobody I could think of in public life today that I would rather see hold the powers that would be given to him under this bill.

I want to talk briefly about prices and their relation to the defense program.

Here in Washington billions of dollars are being appropriated for tanks and guns and planes and ships. We have learned from the bitter experience of Poland, Holland, Belgium, France, Greece, and Yugoslavia that without maximum military production and all-out aid to countries under attack we may lose the chance of

ever halting the onward sweep of the Nazi military machine.

Back in my home district there is another onward sweep that threatens the security of my constituents. It is a blitzkrieg drive that has struck at the pocket-books of New York housewives with a 10 percent increase in the price of clothing, a 15 percent increase in the price of food, and continuous price rises for all the other necessities of life.

The connection between the progress of defense production and the rise in the cost of living is one that the Congress, I am afraid, has not clearly understood. It is not enough to realize that the price increases in the last year or so have resulted from the impact of defense production upon the American economy. It is not enough to know that increased defense expenditures in the months ahead will exert a still greater inflationary pressure upon prices. To stop there, is to ignore the effect of increased prices on defense production. The present rise in prices is not merely an unpleasant by-product of defense expansion, something that must be met with a calm spirit of sacrifice. It is an increasingly dangerous barrier to further defense expansion, something that must be fought relentlessly at every step. If we do not put a stop to rising prices now, the sacrifice involved may be nothing less than the defeat of democracy at the hands of the Nazis and a black-out for civilization.

Do I exaggerate?

Think for a moment what a continuation of price increases will mean to the manufacturer. With no stable price levels to rely upon, he will have no way of estimating future costs and of planning production in a rational manner. He will have good reason to fear expanding plant capacity at a time when the high costs of such expansion will put him at a disadvantage with competitors. He will find that supplies of vital materials are being withheld from production by speculators and, in order to protect himself, he will naturally store up as large a supply of materials as he can get his hands on—which will only make the problem worse.

Think for a moment what a continuation of price increases will mean to the workingman. With no stable price level to rely upon, he will find that the dollar he gets in his pay envelope will be a dollar in name only. Already that dollar bill will buy only 90 cents' worth of what it bought back in August 1939, at the outbreak of the war. This trend has already led to serious labor trouble. If it is allowed to continue, it will give rise to grave problems that no bargaining conferences, no mediation boards, no restrictive labor legislation, could ever hope to solve.

Think for a moment what a continuation of price increases will mean when the war is over. The law of gravity, you know, is something that holds in economics as well as physics. Whatever goes up must some day come down. Inflation now means deflation at the end of the emergency. Deflation means bankruptcy, unemployment and hunger. In pointing this out I am not losing sight of the fact that today's problems are the vital ones, and that what happens when the war is over is not our prime concern.

at this moment. But we must realize that we will never achieve an all-out defense effort if it ever becomes evident that we are heading for an inevitable crash on the day of victory. The American people need no easy guaranties of a land of milk and honey when the war is over, but they do need to know that they will at least have the opportunity of working toward a fuller and more abundant life. Inflation now would destroy that opportunity and in so doing would slow up the drive for total defense production.

But can we still speak of inflation as something just around the corner? I am afraid we can no longer enjoy that privilege. Inflation has already started and the question before us is, Shall we stop it now or shall we delay until it is too late?

A moment ago I spoke of a 15-percent increase in food prices since the beginning of the war. That was just for New York City. According to the Bureau of Labor Statistics, the average rise in food prices throughout the Nation has been 19 percent. In other words, when the average housewife goes to market, she now has to pay \$1.19 for the same items that cost her only \$1 two years ago.

But we have not seen anything yet. Still greater surprises are in store for Mrs. America. While retail food prices have risen comparatively slowly, big things have been happening with wholesale prices. Between the outbreak of war and June 1940, when Hitler brought France to her knees, wholesale food prices rose only 4 percent. By April of this year Yugoslavia and Greece were overrun by the Nazis and food prices had risen 16 percent. By June, when Russia was attacked, the increase was 22 percent. The latest available figures show an increase of more than 33 percent. This means that ominous developments loom ahead in retail prices. During the last war the retail prices reflected in the cost-of-living index trailed behind wholesale prices for a while—but only for a while. Once they really started moving they zoomed upward just as fast as wholesale prices.

Fortunately, we still have time to keep this from happening. By decisive price-control action now we can stop the general increase in prices and hold back the rising tide of inflation. We can do this if we once and for all dispense with the notion that prices can be controlled on a voluntary basis, and face the blunt reality that price-control legislation is a fundamental necessity. We can do this if we stop deluding ourselves with the idea that our duty to our constituents can be discharged by voting for a price-control bill without any teeth in it, especially a price-control bill without the power to keep a firm, realistic control over farm prices. We can do this if we have enough horse sense to know that an attempt to control prices by trying to control the income of every individual and every corporation would lead to administrative chaos and complete regimentation.

Yes; we still have time—but very little. Every day that passes adds to the danger and subtracts from our opportunities

for effective counteraction. Hitler's timetable may be a fast one, but the timetable of inflation is faster still. Hitler may fatten on appeasement. Try appeasement measures with inflation, and we shall see a price movement in this country that, in sheer speed and rapidity, will make Hitler's panzer battalions look like ox-drawn carts. This is a period of emergency. Let us stop this maidenly dalliance on the verge of a decision. This is a time for action. Let us stop discussing and discussing, postponing and postponing. Let us act—and act quickly.

Mr. SPENCE. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. BARRY].

Mr. BARRY. Mr. Chairman, I could not help but feel that when the distinguished gentleman from Texas [Mr. Dies] talked about "free enterprise" he was talking about something that has gone with the wind. I cannot understand how any of us here can support the agricultural program and still contend that we have free enterprise.

Since Leon Henderson has become an issue in the bill before the House, and because I expect to vote for some type of bill, and I expect Mr. Henderson will be the Administrator, I want to say that during my 6 years in this body I have sat on committees and I have listened to the great and the near-great testify, and I can say and I think a majority of the members of the committee will agree with me, that we never had a more courageous, a better informed, and a more competent witness on the subject presented than Leon Henderson. I know nothing about Mr. Henderson's views with respect to Brady or Tippet or Palmer. We questioned Mr. Henderson rather carefully. He has been in the Government service for some time. Frankly I do not believe there has been any evidence produced that would prove that Henderson's viewpoints—social, economic, or political—are fundamentally different than the viewpoints of the President of the United States.

You Republicans may laugh at that, but I want to point out to you that only a year and a half ago your great party had an opportunity to nominate a candidate who could have opposed the domestic, political, and economic views of the President. Instead of doing that, you nominated a man who could say nothing but "me too" whenever President Roosevelt justified anything he did—or advocated anything he intended to do. So I could put Mr. Willkie in Mr. Henderson's class very easily.

Mr. Chairman and members of the Committee, during the World War No. 1 period from June 1914 to June 1920 the purchasing power of the wage earner's dollar in the United States depreciated to 48 cents. When one considers the staggering debt this Nation now has and the billions of dollars we are spending for our own defense and for the defense or offense of any other nation that the President decides is fighting for the four freedoms, I venture to predict that the future economic situation of the United States will make the World War period seem like a picnic and that the shrinkage in the purchasing power of the American

dollar will make millions of American wage earners with fixed incomes very skeptical about the blessings of the four freedoms at home. While we like to believe that nations die for freedom, yet history discloses that people when faced with the choice of liberty without bread or bread without liberty, they inevitably take bread and sacrifice liberty. That is fundamentally the reason we have Hitlers, Stalins, and Mussolinis in the world today.

I fear for the future of this Nation. I want to see American workers maintain a standard of living that will continue and strengthen their faith in our democratic institutions.

In view of the world-wide conditions, and especially in view of the lease-lend program, I seriously doubt that the Steagall bill, the Gore bill, or the Baruch plan can stop inflation in this country and preserve a decent standard of living for American workers.

I do know, however, in view of our experience in the last war, that doing nothing about the situation is definitely going to result in inflation.

I therefore have come reluctantly to the conclusion that some form of price control should be attempted. Since it is obvious that a measure to control prices must necessarily be a form of economic regimentation similar to what has happened in dictatorship countries, I am for the least obnoxious bill.

After considering the merits of the Steagall bill, the Gore bill, and the Baruch plan, it is my conclusion that the Steagall bill is the least obnoxious and has about as good a chance as the others of curbing rising prices.

The only essential difference that I can see between the Steagall bill and the Gore bill is that, first, the latter permits ceiling on farm prices to be placed at 100 percent of parity, whereas in the Steagall bill, as a result of the so-called Brown amendment, the Administrator cannot place a ceiling below 120 to 130 percent of parity in most cases. I should like to see the Brown amendment taken out of the bill and 100-percent parity substituted in its place, as provided in the Gore bill.

The second fundamental difference in the Gore bill as compared to the Steagall bill is that the Gore measure permits a ceiling to be set over wages.

To argue that wages are not an important factor in price is silly. I am not at all sure in my own mind as to the answer to this proposition of wage control.

I have, however, finally decided that it is preferable to experiment for a while—because that is all we are doing anyway—without regimenting 10,000,000 organized and probably 3 times as many unorganized workers. Once we place the power of controlling wage increases in the hands of an administration, you can bet your life that with it goes the power of controlling their votes. What has happened in the past with the W. P. A. vote is as nothing compared to what could happen with all the organized and unorganized workers in the country under the control of the administration.

To you Members of the House who are very bitter about labor's behavior, think about this. It is the single factor that has determined my decision to vote against the kind of control of labor that is provided in the Gore bill.

The Gore bill will, in my opinion, cause great confusion and result in thousands of unnecessary legal cases if the administration permits the ceiling to remain on all commodities for any length of time. It will also cause the administration to hire thousands of additional employees.

Under section 206 of the Gore bill, the Administrator can exempt anything where such exemption in his judgment is necessary to promote the national defense, or if he finds that such ceilings are unnecessary to preserve the Nation's structure and to prevent a rise in the cost of living.

Under this provision, he can exempt all ceilings that he desires to, and the net result will be selective price control. The Gore bill, in my opinion, is actually not the Baruch plan at all, but a selective price-control bill, except that it creates a lot of extra and unnecessary work for the Administrator and gives him the power to control wages and fix farm prices as low as 100-percent parity.

What the Gore bill does is establish a ceiling. Section 206 says to the Administrator, "Whatever you determine is not necessary, then you can start lifting the ceiling." So he can lift all the ceilings except those that he would have put in in the very beginning. The net result is the same except for the difference in the control of wages and the differential in parity control.

[Here the gavel fell.]

Mr. BOGGS. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. MURRAY. Will the gentleman yield?

Mr. BARRY. I yield.

Mr. MURRAY. What objection have you to the Brown amendment?

Mr. BARRY. I believe everything should be at parity; 100 percent of parity. I do not think the farmer should get 130 percent as compared with industrial products.

Mr. MURRAY. Does the gentleman believe in the wage-and-hour law?

Mr. BARRY. Yes.

Mr. MURRAY. Does not the gentleman think that the cotton farmer should have 21 cents an hour?

Mr. BARRY. Certainly, but that has nothing to do with this proposition.

Mr. MURRAY. That is the only way he has of controlling his wage per hour.

Mr. BARRY. In this House you make a distinction with the farmers on one side as though they were all capitalists. When you talk about wages you talk about industrial laborers. The only difference is that industrial workers are better organized, but you have people who work on the farms the same as they work in the factories.

Mr. MURRAY. But they do not have to be organized to get the benefits of the Federal wage-and-hour law, do they?

Mr. BARRY. But that has nothing to do with the issue. It has only to do with interstate commerce below a 40-cents-an-

hour wage. I refuse to yield further, because I do not think it is pertinent.

In conclusion, I therefore urge the support of the Steagall bill principally on the ground that we must make an attempt by legislation to curb rising prices and that the Steagall bill is the least objectionable and contains less dictatorship powers than any plan proposed thus far.

[Here the gavel fell.]

Mr. HOBBS. Mr. Chairman, I yield 20 minutes to the gentleman from Oklahoma [Mr. MONRONEY].

Mr. MONRONEY. Mr. Chairman, the Congress is faced with the most unhappy task of trying to bring into a heretofore free economy a system of regimentation. Now, make no mistake about it for whatever price-control bill we pass here tomorrow, it is simply regimentation.

I happen to support the Gore bill. I support the Gore bill because I think it is good, clean, honest regimentation. I am opposed to the Henderson bill because I think the Henderson bill is unfair and inequitable regimentation. Of course, any American deplores the idea of price control and its attendant evils, yet in this emergency we must sometimes take action that is repugnant to our ideas.

I say that the main difference in our committee studies for over 2 months, the main difference in the debate for the last 2 days has largely been around the answer to one question: Need? The need for this legislation.

Many people will ask: Why worry about price-control legislation to fix prices when we have not yet reached the scale of 1929? Yes, some of them say we are just barely up to that happy point of 1937, the we-planned-it-that-way point; so why worry now about fixing prices?

THE FLOOD THREATENS

We know, and if we are realistic about it we must agree, that up in the mountains there has been a cloudburst of billions—fifty-six billions, and pretty soon another seven billions to be added—that has been dumped into the canyons of those mountains of production. This flood stream is roaring through the gorges today up in the high land and soon it will come to the lowlands and strike our price structure.

Price control must serve as a flood-control dam, and for me I care not for the simple earthen dam that the committee bill tries to throw up across this flood stream; I like the strong, steel concrete dam that the gentleman from Tennessee [Mr. GORE] has built into his bill. I say to you that it is a dam that will hold back these billions, these billions we are now spending to defend democracy, these billions that will destroy democracy if we do not find some way of preventing their destructive rush against our price structure.

The main difference between the Gore bill and the Henderson bill is in the question of over-all ceiling or selective ceiling. You will hear later lots about labor differences and lots about other things that are minor differences.

Mr. BARRY. Mr. Chairman, will the gentleman yield at that point?

Mr. MONRONEY. In just a minute. Let me get a little further along, please;

then I shall be most happy to yield. We believe that the need is so great, the emergency is so acute, that we have a right to expect sacrifices not only of the other fellow's chances to make a profit in inflation but also of our chance to make a profit in inflation. I happen to be one who believes that we must all make that sacrifice, that every single man alive, every American, must sign a quitclaim deed to his participation in profits from inflation; and this, I believe, is what the Gore bill will provide.

OVER-ALL CEILING IS FAIR

The over-all ceiling plan is not a difficult ceiling to maintain. It goes on by an act of Congress passed in the regular democratic way because we face an emergency that to us looks so great that it may destroy the Nation itself. I say that this is democracy in action and we have a right to cover everything under this flat ceiling of an over-all price control. Yes; we have labor covered there, too, and I will come to that a little later. I think it is fair that all this should be done by the Congress itself.

What do we find in the Steagall or Henderson bill? Selective price control. In the first place, it is an insidious way to kid the American people, because when you say "over-all" you immediately frighten farmers, laborers, merchants, and everyone because they rightfully feel that an over-all ceiling covers everything.

But selective ceiling. Ah; there is the joker. When you say "selective" the human heart beats faster and the individual thinks, "Well, they will not regulate my price because it is a fair price." And this is the reason today that every Member of Congress is not besieged with telegrams and letters of condemnation of this Henderson bill. It is undemocratic, when you think that we hand over to one man the power to select from a million prices the specific prices that he himself wants to regulate—a blank check. We make no restrictions on what commodity or what price he shall fix except that it shall not be arbitrary or capricious.

No; we let him decide every morning what prices he will light upon that day; and not only that, we let him, with a few exceptions, determine what the price of these products shall be that he lights upon.

GREAT POWER DELEGATION

Let us analyze this a minute. You men are realists. To me it is too much power to give to any one man over the economic destiny of this America of ours. The Administrator in this selective price control will have more power in Congress than the Chief Executive. I happen to know as of today there is a contest going on in the Price Administrator's Office, pressure by Congressmen from certain districts seeking a higher ceiling on certain commodities. They are calling the Price Administrator today, and they called him yesterday. This is one sample of the thing you are going to get with this kind of price control, and it is not my idea of true American Government.

I personally do not think, in spite of Mr. Henderson's able testimony before

the committee, that he can hold down the general price level for a million commodities by clipping off a few here, going back the next day and clipping off a few more, because while he is clipping down these prices here, other prices over there are going up, and up, and up. By the time he has gone a little way he has got to go back and bring up the prices at the beginning of the line because they are so far out of line. You will have a badly slanting price level and there will be great disparity in prices. I just do not see how anyone can defend such a system of price control. Let us look at the agricultural features of this bill.

Miss SUMNER of Illinois. Will the gentleman yield?

Mr. MONRONEY. I yield to the gentlewoman from Illinois.

Miss SUMNER of Illinois. The gentleman will notice in the testimony offered by Mr. Henderson that in connection with the same kind of system used in Germany, with a relatively smaller economy, they started with a flat price ceiling, but in less than 3 years they had to make 7,000 changes in their schedules.

Mr. MONRONEY. And how much did the cost of living go up?

Miss SUMNER of Illinois. It went up. You will also notice that in England they have sent out business letters stating that that they have a terrible time with their prices.

Mr. MONRONEY. But England has more like the Henderson price-control bill than Germany.

Miss SUMNER of Illinois. England has a stronger bill than the gentleman's bill, because England has retail control as well.

Mr. MONRONEY. The gentlewoman will find it is still piece-meal control over there.

Miss SUMNER of Illinois. Does the gentleman mean as to retailers?

Mr. MONRONEY. No.

Miss SUMNER of Illinois. It is.

Mr. MONRONEY. I beg the gentlewoman's pardon.

Miss SUMNER of Illinois. Does the gentleman say it does cover retailers over there?

Mr. MONRONEY. Absolutely.

Miss SUMNER of Illinois. The gentleman means he has the option, just as he has in the Henderson bill.

WANTS NO PROFITEERING

Mr. MONRONEY. The gentlewoman does not think that any able price administrator, such as we are told the gentleman is, would allow profiteering in the retail field when he will not allow it in other fields?

Miss SUMNER of Illinois. You do not cover the retailer.

Mr. MONRONEY. That would be an absolute impossibility.

Miss SUMNER of Illinois. You do not have a straight over-all ceiling as to the retailer.

Mr. MONRONEY. That is all right if you choose that way of expressing it. I still say we have an over-all price-control bill in the Gore bill.

Miss SUMNER of Illinois. Oh, no; not in the Gore bill.

Mr. MONRONEY. The gentlewoman would not propose, would she, to put on

a uniform retail price, and even destroy that last vestige of competition that fluctuates below the ceiling?

Miss SUMNER of Illinois. I say I certainly would not. I am not for an over-all bill. I think that is the worst kind of dictatorship we could have. It will mean a hundred thousand people, according to Mr. Henderson.

Mr. MONRONEY. Does the gentlewoman believe we should lodge in any one single man's discretion the right to select the articles on which to control prices?

Miss SUMNER of Illinois. Is the gentleman trying to tell these good people that his man, with this over-all system, has less discretion than he would have under the Henderson bill?

Mr. MONRONEY. Absolutely.

Miss SUMNER of Illinois. He has control over the entire economy, according to your theory.

Mr. MONRONEY. No. The Congress has charge of the entire economy.

Miss SUMNER of Illinois. Under the Henderson system he is only supposed, according to the law, to move in when prices in a certain industry go out of line.

CAN CONTROL ANY PRICE

Mr. MONRONEY. He can move in on any price, and the gentlewoman knows that. He has so testified that he would not hesitate to move in on any price that he thought needed controlling. As a matter of fact, he is already doing that without authority.

Miss SUMNER of Illinois. And in your bill you make him move in on every price and wage except retailers.

Mr. MONRONEY. The Congress moves in on every price and there is a uniform over-all ceiling. It is impossible to regulate the retail line except as to profiteering, which is covered in this bill.

Miss SUMNER of Illinois. What happens under the Gore system is that the Congress moves Leon Henderson in on all industry except retailers; then Mr. Henderson has the right to go ahead and make any set-up he wants to.

Mr. MONRONEY. He can exempt anything he wants to only under the Henderson bill. I do not think I can yield very much further. I only have 20 minutes. I am sorry; I would like to go on.

Mr. BARRY. Will the gentleman yield?

Mr. MONRONEY. I yield to the gentleman from New York.

Mr. BARRY. The Gore bill does set up a ceiling, but will not the gentleman concede that under section 206 the Administrator can go on in; and if he feels, as a matter of fact, it is necessary for national defense, he can remove every ceiling except on the articles he wants to place a ceiling on?

Mr. MONRONEY. I believe that is true.

Mr. BARRY. Therefore, actually and in effect it is a selective bill.

Mr. MONRONEY. The gentleman mistakes the safety valve in the Gore bill for the main entrance. That is the fundamental difference. Of course, in any bill we must have some safety valve to take care of the hardship cases—the cases that are important to defense or

are inconsequential to inflation, such as those involving hairpins, toothpicks, and so forth.

Mr. BARRY. I will concede it was intended to be a safety valve.

Mr. MONRONEY. If your Administrator is going to violate his oath and destroy the spirit of the bill, there is no law in the world that we can pass which will prevent inflation.

Mr. BARRY. He only has to fix certain selected prices in order to stop inflation.

Mr. MONRONEY. That is the Henderson bill?

Mr. BARRY. Yes. And under the Gore bill he can do the same thing.

Mr. MONRONEY. The Gore bill contends for an over-all price ceiling.

HONEST PARITY GOAL

Now, I would like to go into the farm situation. The Gore bill asks only for parity of farm income that we who come from agricultural sections have for 20 years been insisting on through legislation and through every other means in order to bring a fair share of the American income to the American farmer.

Mr. MURRAY. Will the gentleman yield?

Mr. MONRONEY. I only have 20 minutes. My time is rapidly going. Permit me to get on. If I have time I shall be most happy to yield.

The Gore bill provides that—

The Administrator shall exercise his power with respect to agricultural commodities and articles derived substantially from agriculture in such manner as to support prices to farmers at such levels as may be necessary to enable farmers to receive average year-round prices not less than parity.

CEILING PLAN INEFFECTIVE

Let us look at this realistic approach that the Gore bill makes. You could write into this bill that the farmer's ceiling shall not be put at less than 200 percent of parity, and you would not be helping the farmer a bit. Why? Because under the control of agriculture that this administration has—and, bear in mind, it is dedicated to go along on the farm program only up to and as far as parity—whenever prices reach parity, no matter what your ceiling is, these prices can be lowered from the bottom by pulling out the props from beneath.

You can sell the goods that the Commodity Credit Corporation has stored. You can even have the Administrator of the C. C. C. give out an interview to the effect that he is thinking about selling cotton, and the price will tumble down. We know that is true from experience. There is one check the administration has that will never let cotton, wheat, and other products reach this 110-percent ceiling or the Brown ceiling of 120 percent.

Let us look at a few other controls they have. The Surplus Marketing Administration is one. If the administration downtown—and they are consumer-minded—did not want certain products to reach parity, the Surplus Marketing Administration could stop buying in certain localities. That in itself would bring the prices down. They can thus control prices, because the Surplus Mar-

keting Administration is the largest purchaser of farm commodities today.

Then, if that is not enough, they have the billions we have given them under the Lease-Lend Administration, and they can pull the props out from beneath agriculture further there by placing or denying orders.

As a last resort, they can increase the acreage allotments on the American farms, if necessary, to keep the prices from too great an advance.

HONEST APPROACH BEST

So I say to you that the farmers and we people from the farm districts would be far better off making a fair and honest request, a request that we have always insisted is right, for parity of income. I say we stand better on that ground under the Gore bill than we do seeking special privilege and special favor under another.

Let me talk a little about the labor situation. You would think that the gentleman from Tennessee [Mr. GORE] and I and those few of us who advocate some type of wage ceiling are out to destroy the rights of the American workman. Let us examine American labor minutely.

HAVE ALREADY STABILIZED 50 PERCENT

There are 9,500,000 organized workers in this country. Many of these 9,500,000, perhaps half of them, have already signed for a period of 9, 12, or 18 months, or 2 years' time collective-bargaining agreements as to what wages they shall receive. I believe that is a fair estimate. It is hard to get, but I believe you could say almost half of the 9,500,000 have agreed, of their own account, to leave their wages where they are if we can hold the price of living constant.

We have 22,000,000 unorganized workers. These are the employees of small businesses. These include 7,000,000 teachers, public employees, secretaries, stenographers, and clerks. Everyone knows that these 22,000,000 workers have static incomes. Their wage levels do not change from year to year. If we are to save not the wages but the purchasing power, the wage value, of three-fourths of the working people of this country, then we must submit to this regulation in an over-all price-control bill.

Are we working a terrible injustice on them? The real wage, as compiled by the Labor Department for the factory workers, totals 128.7 percent of the 1935-39 base. This happens to be the highest real wage figure in all history, 128.7. In 1929 the real wage figure was 96.4 and in 1914, 72.4.

The point I am making is that it does not matter what the factory workers' wages are, it is what those wages will buy that really counts.

Let me read, if I may, two paragraphs from Sunday's New York Times:

Actual annual factory earnings likewise continued their advance through September.

Deflated by the cost-of-living index, however, they have virtually marked time since June and in September were even slightly under the June level.

What does that mean? It means that living costs are going up faster than labor can pull up its earning power.

LXXXVII—576

I say to you with all the conviction I have that even organized labor, if it matches itself in a foot race with inflation, is doomed to be left far behind.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield to the gentleman from California.

Mr. VOORHIS of California. If that be true, it seems to me it is an argument against what the gentleman is contending for, because, as I understand, if the Gore bill were adopted, it would mean freezing that situation where it is now.

Mr. MONRONEY. That is true, but I am certain that if we can get strong anti-inflation legislation, that we can later give relief under the Canadian escalator plan or on some other plan to meet the cost-of-living index rise, but we cannot do it unless we have the courage and the nerve to say that this inflation is a problem we must meet, and meet on all fronts.

Mr. VOORHIS of California. Then the gentleman would be going back to the matter of discretionary power and relying upon that to make the adjustment.

CONGRESS MUST ACT

Mr. MONRONEY. No; I do not rely on that adjustment being made by the Administrator. I say that should be by an act of Congress. It is a problem that the Congress must take up, and it requires study. But the price level has not yet risen to a point where it is ruinous to the American people. The people have suffered; yes. Living costs have gone up over 9 percent. But when it reaches 25 to 33½ percent, however, is when that advance comes out of the living standards and causes the masses to be lost, and that is the thing we must prevent.

Mr. VORYS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield to the gentleman.

Mr. VORYS of Ohio. I have been very much interested in the fine argument the gentleman is making—

[Here the gavel fell.]

Mr. BOGGS. Mr. Chairman, I yield 10 additional minutes to the gentleman from Oklahoma.

CAN WAGES BE EXEMPTED?

Mr. VORYS of Ohio. Here is what puzzles me: If Mr. Henderson is going to administer this law and has said that he does not want to regulate wages, would it not be possible, or would not the natural result be that, even though he were given the power, he would immediately administer the Gore bill in such a way that he would not have anything to do with wages?

Mr. MONRONEY. May I yield to the author of the bill to answer that?

Mr. GORE rose.

Mr. VORYS of Ohio. Do I make myself clear?

Mr. GORE. The gentleman makes himself clear, but in taking that position he makes two erroneous assumptions. One is that he could, by the terms of the act, which he cannot, and, second, that the Administrator would, entirely disdainful of the organic law and entirely without regard to the intent of the legislation, upon his own volition, exempt

those things irrespective of the law. I do not believe that Mr. Henderson, if he were Administrator, or any administrator who would be confirmed by the United States Senate and appointed by the President, would so disregard his duties.

Mr. VORYS of Ohio. Is not this the situation? If the Gore bill should go into effect, of course, wages would be frozen for a certain period, and then the Administrator, if he felt sincerely the way he says he feels, that wage control has nothing to do with inflation, would then make a blanket exemption and finding under section 206 (a) of the Gore bill and, in effect, not nullify the intention of the legislation, but carry out what he thinks is the only right way to do it, and that is not to attempt to regulate labor after that one initial period when, of course, the ceiling would be on.

Mr. MONRONEY. No; what the Gore bill intends to do and, I think, clearly expresses is that it gives the Administrator the right to exempt only those things that are not contributory to inflation or are inconsequential in their application.

This would give him no right at all to exempt labor as such. He could exempt it in toothpick factories and pin factories and some of those places.

SELECTIVE WAGE CONTROL?

Now, this labor matter, I think, is a good thing to look into further, because, in my opinion, the most cruel ceiling placed upon labor is placed in the Henderson bill. You really have a selective wage ceiling in the Henderson bill, because even the testimony of men like Dr. Lubin admitted that when you fix the price of a product you also are fixing on the amount available to pay that labor. He made that statement numerous times.

He even went so far as to compare the fact that the tenant farmer's income that was limited by the price of a bale of cotton was in the same position with the copper miner whose income is limited because they had fixed the price of copper. This is at page 1923 of the hearings, and you can look it up.

Now, the difference I see between the Gore bill and the Henderson bill is that the man who is at the bottleneck, the powerfully organized man in labor, who stands in defense and his labor must be had at any price, can insist upon a boost of the ceiling under the Henderson bill. But under the Gore bill his wages are stabilized as of this week, the same as the little man's wages are stabilized, and this will help to defeat the wide disparity that is bound to grow up after this emergency between the men who are the skilled artisans in the defense plants and the men who toil in a less important position, either in agriculture, industry, or in other places.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield to the gentleman.

Mr. CRAWFORD. The gentleman referred to wage increase versus cost of living a few moments ago.

Mr. MONRONEY. Yes.

Mr. CRAWFORD. I just wondered about the increase that the gentleman

used. The November 1940 issue of the American Federation of Labor, at page 4, shows that wages are 16 percent above pre-war, and living costs are up 9.6 percent. This is quite a difference to the benefit of wages, and that is in the November issue. The Conference Board issue of November 11, 1941, shows 41,100,000 nonagricultural workers, or industrial workers, we will call them, and I assume that the American Federation of Labor's figure of 16 percent refers to the wages of those 41,100,000 workers.

Mr. MONRONEY. I thank the gentleman. The figures I quoted were Department of Labor statistics.

LICENSING PROVISION

Now, let us look at the licensing provision. A number of men have asked if a licensing provision is embodied in the Gore bill. It is not, and I believe anyone who is forced to vote a licensing provision to bring about price control will live to regret that invasion of the individual rights of little business. I think it will be the most unpopular vote that any Member of Congress can cast, and one that would not be necessary under the Gore plan.

I am glad that the Gore bill does not contain the licensing provision. It provides criminal penalties that make the provisions of the bill capable of enforcement without this automatic, blanket licensing of every single line of business in the United States.

CAN ENJOIN VIOLATIONS

The Gore bill mechanics get around the licensing feature with a well-considered plan to permit any interested party in his home community, not through Washington, to go into the district court and seek by injunction to restrain price-ceiling violations.

I think that is the real American way to do it. It does not provide that the man who violates the price ceilings shall be yanked to a star-chamber proceeding in Washington. He does not feel the wrath of Jove's thunderbolt hurled from Washington, but he is faced on his own ground by his own home district court. I think local enforcement is the proper way to enforce price-control legislation.

There has been much confusion about the Gore bill and also the Henderson bill. We are pioneering in the field where every step we take is an experiment. Nobody knows how it is going to work, but I feel if we are to have a bill that is going to regulate inflation, we must have one that is strong enough to do the job.

You cannot leave your labor flank open on the right, collapse your farm-price-control flank of the left, and have the center of your line full of holes like a sieve, and expect to have a battle line against inflation. You have to have total war on inflation. You cannot do it with political maneuvering.

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. Yes.

Mr. VOORHIS of California. Does the gentleman think that you can do it without much more adequate control of the private creation of bank credit?

Mr. MONRONEY. The gentleman is much more of an authority on money than I am, and I am still too young in this job to understand all of the ramifications of money.

Mr. VOORHIS of California. But the gentleman does understand what happens when a bank creates \$5 on the basis of \$1 of reserve.

Mr. MONRONEY. We will have to go into that discussion later, because there are so many fronts to this problem. But the main thing you must win first is to hold the line against inflation. When once the inflation spiral begins—when these 22,000,000 people have their living standard destroyed—it is too late to take effective action.

It will be another story of too little and too late. The time to act is now.

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from North Dakota [Mr. BURDICK].

Mr. BURDICK. Mr. Chairman, now that every one of the committee members has spoken, perhaps we can find out what this bill is about. I do not know which bill, but there are two bills here—the Steagall bill and the Gore bill, or the Baruch bill, whatever it should be called. I have waited 4 or 5 hours to get some light on the subject, but the whole thing makes me think of a bunch of fellows trying to put up a circus tent without any tent poles. I think I know as much about the bill as anybody does who is here because I have not heard anybody up to date who does know anything about it. However, when you shy away from fixing the price of labor, you have not hesitated at all to fix the price of labor of 60,000,000 people in the United States in this bill. You did it when you tackled agriculture, and as one who sat on the side lines and watched this performance, I am satisfied that the whole trend of this administration is against the rise in price of agricultural products.

There are 40,000,000 people in the United States today living on farms. Everyone from the age of 10 years up works. Did anyone ever hear of these people getting wages? Do they get 60 cents per hour for 8 hours and a 5-day week? No one in this Congress ever heard of it.

The wage these people receive on the average will not equal 7 cents per hour. Instead of working 5 days a week they work 7; instead of working 8 hours a day they work 14, and receive no pay at all as such. Anything they do get is bound up in the price received for their produce. Every expense must come out of that price—interest, taxes, insurance, food, clothing, medical attention, and education. When the price received is low, one or all of these essentials of life must be denied the farm workers.

Some in this Congress feel that unless the price received by agriculture is restricted the cost of living will be prohibitive to all other classes. Bread is a good example to start with—it is the "staff of life." Anyone can live a long time on bread—no one can live long without it or its equivalent. A loaf of bread sells here now for 12 cents and wheat is bring-

ing the farmers about \$1 a bushel. Suppose wheat goes up to \$1.55 to the farmer. This would be approximately cost of production. What would you say the cost of bread would be then? It could be any price set by the bakers. The difference in the price of wheat has so little to do with the price of bread that any rise in the cost of bread would not be due to the rise in the price of wheat, except in the merest fraction. In a 12-cent loaf of bread the wheat in it, at \$1 a bushel, amounts to about 1½ cents. The other 10½ cents is made up of the following costs: Labor, insurance, taxes, interest, reserve for plant repair and improvement, transportation, retail costs, compensation insurance, and so forth. With wheat at \$1.55 per bushel, the major elements of the cost of a loaf of bread still remain, but the market value of the wheat in the loaf has not increased perceptibly. For these reasons, if we desire to keep down the cost of bread, we cannot do it in a bill which attacks the price of wheat only.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. BURDICK. I yield.

Mr. CRAWFORD. When the gentleman has time to read the Record, which he has not had up to date, he will find that we emphasized those facts very, very firmly to the Administrator and his staff.

Mr. BURDICK. I do not know what the Administrator will do. There has been a lot of talk about whether the proposed Administrator is going to administer it fairly, but I do not know anything about the man and I do not know anything about his background. As one Democrat here said, he was favorable to the President because he had the President's views. If he has, why talk about it? But my opposition to the bill is on account of the power that is handed to one man, and that power is unfair to agriculture. You do not need to guess what I am going to do about it. My vote is "no" on the Steagall bill. If somebody will explain sometime before the debate is over just what good effect will come from the Gore bill, which was excellently explained by the author, I will not say that I will not vote for it.

However, I want to call the attention of this House to the fact that you are tampering with a subject that means nothing in this world except holding down the price of agricultural products. Every time agricultural products approach anywhere near cost of production, for some reason or other we wade in here and stop it.

You remember in the last war they said, "You should not sell your wheat for less than \$2.50 a bushel." Wheat was \$3. They put Hoover in charge of handling the machinery, and you know he took the lowest price and turned it around as the top price. We were limited instead of being helped. We were tied down. Just as soon as this war was over, without giving us time to readjust our affairs, they pulled the plug out of the bottom of the whole financial system and demanded a pay-up policy on the part of our farmers who had gone into debt to raise bread

to win that war. Two million and five hundred thousand of them have been dispossessed since that time. In the State of North Dakota this year with good crops, there should not be any people dependent on the Government, but we have 20,000 destitute farmers that the Government will have to feed; and that in a year of good crops. Why? Because you drove them off the land. You did not give them a chance to participate in this crop.

Now, whatever you do on either bill, just go carefully on the program of saving the price to the public by attacking the prices of the consumer on the land.

I yield back the balance of my time, Mr. Chairman.

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. JOHNS].

Mr. JOHNS. Mr. Chairman, as I read this bill and I think about what is being proposed here, I am thinking back a few years ago when we had the N. R. A. I do not know whether there are any Members of Congress sitting here who had any experience with the N. R. A. or not, but I did. I want to say to you that at that time we had the N. R. A. in order to raise prices. Now we are going to have an N. R. A. bill to lower prices.

Now, what is the cause of inflation in this country? It is the tremendous debt that we are creating here. I would like to know, if you do not raise some prices and get some wages, how you are going to be able to pay the interest on this obligation, let alone trying to pay anything on the principal itself.

Let me read something to you in this bill and I hope every businessman in the United States will be able to get the substance of this bill, because if he does and he had anything to do with the N. R. A., he certainly would be bombarding his Congressman trying to get away from it.

Just see what this Administrator can do if he wants to, and how many people he would have to employ to do it. We would have half the people of the United States watching the other half, checking up on them to see what they are doing.

Section 202 (a) reads as follows:

The Administrator may make such studies and investigations, and obtain or require the furnishing of such information under oath or affirmation or otherwise, as he deems necessary or proper to assist him in prescribing any regulation or order under this act, and in the administration and enforcement of this act, and regulations and orders thereunder. For such purposes the Administrator may administer oaths and affirmations, may require by subpoena or otherwise the attendance and testimony of witnesses and the production of documents at any designated place, may require persons to permit the inspection and copying of documents, and the inspection of inventories, and may, by regulation or order, require the making and keeping of records and other documents and the making of reports.

Anybody who is in business today, who knows anything about business at all, or has anything to do with it, knows that you have to get extra men all the time to make reports for the Government now.

and if you had this bill in effect here God only knows where you would have any time to do anything with your business.

I read now from subsection (f) of section 201:

In the case of any commodity for which a ceiling has been established, the Administrator shall, at the request of any substantial portion of the industry subject to such ceiling, appoint an Industry Advisory Committee, or committees, either national or regional or both, consisting of such number of representatives of the industry as may be necessary in order to constitute a committee truly representative of the industry, or of the industry in such region, as the case may be.

That is right back if you please to the old National Recovery Administration where the big men of this country got together and fixed up some codes for the small business people, the kind of code that put many of them out of business. That is just exactly what you have here, a majority of the large industries getting together and fixing up a price for the small business man which he cannot possibly meet; and sooner or later he will go out of business just like he did under the old National Recovery Administration.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. JOHNS. I yield.

Miss SUMNER of Illinois. Mr. Henderson testified in answer to my question that he did not know whether or not the National Recovery Administration benefited business at the expense of little business.

Mr. JOHNS. I do not of course know whether it benefited them very much or not. In many instances they turned the codes back to the Government before the Supreme Court held the act unconstitutional.

Miss SUMNER of Illinois. It seems to me he ought to have known, because back home everybody understood that it benefited big business at the expense of little business.

Mr. JOHNS. At any rate that is what the result was; but they found out they could not get together and fix on a profit for anybody, particularly fix a selling price that people would live up to. You would have a certain percentage of the people of the United States in the penitentiary all the time. The big business men, of course, would pay the fines, and that would be the end of it. That is what you have here, a situation of that kind; and this is the last freedom that the people have left in this country. It is going to go if you adopt either of these bills because the people will not have any say-so at all. They are going to be dominated by the man put in charge, and he is going to pick out the men who are to assist him in enforcing the provisions of the bill.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. JOHNS. I yield.

Mr. WOLCOTT. At this point I would like to call the gentleman's attention and the Committee's attention to the so-called licensing provisions of the bill

which will be offered as a committee amendment tomorrow. I wish the gentleman would read the committee amendment which is to be offered—read it in the light of his remarks this afternoon. He will find that if the licensing provisions of the bill as recommended by the committee are adopted that every business and every business transaction in the United States incident to a commodity over which a ceiling has been put will be licensed, not by the granting of a license which the merchant can hang in his window or in his back room but by an Executive order on file perhaps in Washington; nevertheless, he is put on guard to know the terms of the license under which he is to operate. All of this indicates to me, I want to reiterate, along the line the gentleman is talking, that the administration is more concerned with the control of business than with the control of prices.

Mr. JOHNS. There is no question about that. As I said a few moments ago, this is the last freedom the people have left. If we are going to license them to do business they are going to be controlled. I do not know what is going to take the place of the old baldheaded blue eagle. It may be some other bird of a different color. It may be red, white, and blue now in order to get the support of the people in this country; but whatever its color, or whatever kind of bird it is, you are going to find out that trouble is ahead, because you are going to have snoopers in your business. If you had them before it will be worse under this bill. It will be worse than the experience we had under prohibition. Prohibition did not succeed because public opinion was not behind the law. You are going to have the same experience if you pass this type of bill. You will have visitors snooping around your business, finding out what you have in your inventories, what you have on hand and other things that might be beneficial to somebody else, and if you do not report everything, or if you make a mistake—and you are liable to because you are making reports every day—if you make mistakes and are not able to explain sufficiently to the Federal Government you will have to pay a fine or go to jail.

I think it is just about time we sat down together and talked this thing through. We are living in peacetimes now, not in any war emergency. We do not have any war except the one the President has ordered. If we are going to have this kind of law in time of peace, I am just wondering what is going to happen to us if we should get into actual war, where war was declared by the Congress, a fighting war. We are just going to hamstring everything and everybody.

I was very much interested in what the gentleman from North Dakota had to say about farmers, because we have a large dairy industry in Wisconsin.

Mr. WOLCOTT. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. JOHNS. Mr. Chairman, it is the first time in a number of years that the farmer has been able to get anywhere

near parity for the things that he has to sell. When you offer a bill here to fix a ceiling for him, in which you are going to hold down prices which he will get, it might be different if it were necessary, but it is not necessary. The Government has absolute control of the farmer today and it can do anything with him it wants to do without this bill. There is the \$235,000,000 Surplus Marketing Administration funds to buy and control the market in reference to the products that the farmer has to sell. We are paying for the benefit of the farmers of this country over a billion dollars a year. The Government can take that away from them any time it wants to control their prices. Why bring him under this bill or send some snooper out to watch him? He has always been free and he ought to be left free to go ahead and produce for this country and take care of the people who need food instead of trying to put a ceiling on what he is trying to do, regulating him, in other words at least any more than the Government does now.

As far as labor is concerned, they will move along with the prices that people are getting for their products. Naturally we must expect prices to go up when you are borrowing money and not paying the obligations. I want to leave this final thought with you: We are paying more interest today on our obligations than the public debt was in 1914 before the first World War was declared. It cost \$740,000,000 to run this Government for a year in 1914. You know what it is going to cost to run the Government this year. We are borrowing at the rate of about \$38,000,000 a day, or we are running in the red at that rate, and we have been spending on the basis of about \$54,000,000 a day. They talk about taxing the people to pay two-thirds of the obligations of the Government that we are paying out each day. Of course, we will not be able to tax them even to pay half of that because if we did you would have trouble in this country at once and everybody knows it. We have to do something to pay off this obligation and the only way we can do it is to let the people produce and let the prices go to a point where they are somewhere near where they were in 1919.

I remember at that time getting a dollar a pound for butterfat. What is it today? It is from 41 to 63 cents a pound. It has to go a long way before you get up to the dollar-a-pound for butterfat that we got at that time. That is also true of the price of hogs. They were something around \$20 a hundred. Today you know they are less than half that amount.

Mr. Chairman, it is best to let this thing drift along, permitting the American people to have a opportunity to think for themselves for a time rather than have the Government do all the thinking for them.

Mr. MILLS of Arkansas. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. VOORHIS].

Mr. VOORHIS of California. I thank the gentleman.

The House is considering a bill to control prices. This is the most serious kind of legislation that a democratic Congress could consider. Were it not for the fact that many of our people with fixed incomes or low incomes have already felt the pinch of a rising cost of living, I do not believe this bill would be here. Basically, our problem is the expenditure of billions of dollars by the Government on armament and other things which do not add to the supply of goods for sale to consumers.

The debate has been upon a fine and high level, but I sincerely wish more of it had dealt with the fundamental causes of the problem and the fundamental remedies.

The question that Congress must decide is what to do about it, and it is very, very important that the right thing be done and that the best and most lasting answer be found.

When these wars are over and peace has been restored, only part of our job will have been done. The world of yesterday is a thing of the past. No matter what the outcome of present conflicts is, 1926 is not coming back and neither is 1929. Only by building a new world that will be truly American in the best sense of that word can we permanently remove the danger of dictatorship and the loss of freedom for our children. And therefore the things we do now to try to deal with present problems have got to be considered not only from the standpoint of what is apparently going to answer the immediate need but also from the standpoint of what will and what will not help to build the foundation of that better American world of tomorrow.

Now, about these price increases. The first thing that needs to be determined is whether there is any reason for them. In some cases there is and in some cases there is not. Throughout all our history it has been true that some general increase in prices has taken place whenever there has been general prosperity. It is important to know the reasons.

For instance, in the case of food products it is necessary to consider how comparatively small an influence the prices received by the farmers for their crops are in the increase in retail prices of foodstuffs before we criticize the farmers. The farmers have had to accept below-cost prices for a good many years. It is also a good idea to know just how much of the total cost of manufactured articles goes to wages before we lay the blame on labor. But in certain cases we are getting high prices without there being any excuse for it. If speculators can buy up large stocks of commodities, they can force the price up, out of line with other prices. And monopolies, wherever they exist, and especially if they control critical materials, can boost their prices just by deciding to, whether there is any real reason for it or not. In cases like this there are but two remedies that I know of. The first is for the Government to exercise its power to put ceilings on these prices and keep them from skyrocketing. This is the quick

remedy and probably the only remedy when prices are artificially increased way above the general price level. But it must be a temporary remedy because it can lead to an extension of Government power which might prove very serious indeed.

The reason we must, I believe, use this remedy of Government power is because we do not have as yet a strong enough cooperative movement among the people to do the job. But I beg every person who is listening to ponder this: If even 25 percent of the American people were tonight organized together freely and without Government help or interference into cooperatives, those people, by means of their own strength, could prevent any unwarranted increase in prices or any price inflation from taking place. The only reason we must consider this price-control legislation is because our cooperatives are not yet as strong as some day soon I pray God they will be.

But what about this thing called inflation that everyone is talking about? What has it to do with rising prices? What are its dangers, and what should we do about it? The true definition of inflation is this: It is a condition where the amount of money in people's pockets and bank accounts which they are trying to spend for goods is increasing faster than the supply of goods is increasing. Now, if people have a lot more money that they want to spend, prices will certainly go up unless the volume of goods that are offered for sale goes up, too. So, when there is inflation, all prices will have a tendency to rise.

Inflation, however, is a much more general and a much more fundamental thing than high prices for a few things. For, as I have explained, it is possible for monopoly or speculation to increase some prices even if we don't have inflation. But it is next to impossible to have inflation without having almost all prices go up together.

For when people dash around with money in their pockets competing with each other in trying to buy land or clothes or machines or building materials, the price of these things goes up and it takes more dollars to buy them.

The opposite of inflation is deflation. This is what happens when the supply of goods increases faster than the supply of dollars to buy them with increases. Then people cannot sell what they have produced or what they could produce, and we have bankruptcy, foreclosure, distress, and unemployment. Money gets to be worth more; people try to sell goods and get money, the price of farm crops, of clothes, machinery, lumber, labor—everything else—goes down. Debts are harder to pay, and people have to work longer and produce more goods in order to pay them at all. Only a few short months ago we were trying to overcome deflation. Now we are worried about inflation. And if we do not look out, with the coming of peace, the time will come again when deflation will be an even greater danger to us than inflation is now. Is not it about time we got to the root of these twin injus-

tices and decided to do away with both of them, once and for all? What ought to happen, of course, is that the number of dollars in active circulation should increase just as fast as and no faster than the supply of goods produced for sale increases. For if this happens we have a stable price level, no inflation, no deflation. Then the dollars that people have or that they earn, as well as the debts they owe, do not change in value or in the amount of goods they will buy. This is what we should strive for, because once we get that sort of system and that sort of dependable, stable dollar established, we can never have either inflation or deflation again. Then as our production increases our buying power will increase in proportion so that once people get jobs they can be steady jobs, and once the machinery begins to turn it can keep on turning.

In all honesty I must say that if we do nothing to increase the supply of consumer goods and if we do nothing to establish a stable and dependable, not to say a constitutional, monetary system, then an attempt to set up a Government bureau and tell it to control prices and prevent inflation is going to be like telling that bureau to sit on a steam safety valve with the fires at white heat and new fuel being added under the boilers. It is one thing to set up an agency to prevent certain prices from soaring way above all the rest of them. That we probably must do. But it is quite another thing to try to control the whole price level by means of Government decisions and rulings.

If, therefore, we want to really prevent inflation, we have got to do things that will attack it in fundamental fashion and which will be as effective in preventing deflation in the future as they are in preventing inflation now. If we could increase the output of goods and bring it up even with the supply of dollars we have to buy goods with, that would be a real answer. And if we could establish a monetary and credit system based on sound principles which would keep the supply of buying power always in line with and geared to the production of goods for sale, then we would have the problem solved—not only for this crisis but for all time to come.

One proposal that appeals very much to me is that in this very bill—the so-called price-control bill—there be included provisions that would grant special priorities to those producers who would agree to turn out an increased amount of necessary consumer goods at not to exceed certain prices. By the use of priority ratings, Government would have to make sure that such firms got necessary materials at fair prices. But this could be done, and if careful calculations were made there would be no danger, under present circumstances, of the market for the goods being short or of any of them being left on the producer's hands. This would have to be limited, of course, to the basic needs of people—food, clothing, housing, health—but if we could set in motion forces that would increase production in this way, we would be dealing inflation a serious blow indeed.

This is the constructive answer to the problem on the side of the supply of goods. And believe me it is very important for us to work at this side of it. For not until we have put to use all our people and all our powers of production will we be really making our Nation strong. And in all our excitement about inflation we ought to take extreme care that we do nothing which will interfere with a constant increase in production and a constant increase in employment and a constant increase in our national income. For if we achieve, as we can, a national income of \$110,000,000,000, we can then afford to spend many billions on national defense and still keep up our people's standard of living and pay the bill.

I submit herewith the text of certain amendments which I hope to offer to the bill tomorrow, the effect of which will be to encourage an increased production of basic consumer goods:

Amendment No. 1: Page 1, line 8, insert after fourth word the following: "To assure the production, distribution, and sale at reasonable prices of an adequate supply of the necessities of life to meet the needs of the civilian population;"

Amendment No. 2: Page 3, line 20, change section 2 to section 3. Insert a new section 2, as follows:

"(a) The President shall designate as civilian defense products basic commodities and services necessary to feed, clothe, house, and preserve the health and well-being of the civilian population. In designating such products, the President shall select commodities and services which, while suitable to meet civilian needs, can be produced with the least possible use of materials, facilities, and labor needed for national defense and with the least possible disturbance of existing methods of production and consumption. The President may from time to time designate additional civilian defense products and revoke such designations previously made.

"(b) The President shall have power to designate and from time to time to modify the minimum specifications to which each such civilian defense product shall conform. Such designation shall not prevent any commodity or service from qualifying as a civilian defense product if such commodity or service is equal to or superior to the minimum specification for such product; and the President shall have power to determine whether any commodity or service is equal or superior or inferior in quality to such minimum specification.

"(c) The President shall determine and publicly announce and may from time to time redetermine the quantity of each civilian defense product necessary to meet the needs of the civilian population during the ensuing year or other appropriate period of time.

"(d) When the President finds that there is danger that any civilian defense product will be available to the civilian population in insufficient quantity or inadequate quality or that the price of such product will be increased abnormally or that any substantial part of the civilian population will experience increased difficulty in obtaining such product because of the increased price thereof, the President may enter into civilian priority contracts with producers and/or distributors of such product to promote the production and distribution of an adequate supply of such product of adequate quality for sale to the civilian population at reasonable prices. For purposes of this section availability of less than the quantity of such product design-

nated by the President as necessary shall be availability of an insufficient quantity, and quality below the minimum specification designated by the President shall be inadequate quality. The President may, in his discretion, announce his finding that a designated price for any civilian defense product will involve an abnormal increase in price or an increased difficulty in obtaining such product within the meaning of this section.

"(e) Before entering into any civilian priority contract for a civilian-defense product the President shall, after reasonable notice, receive from prospective producers and/or distributors of such product commitments as to the amount of such product which each will undertake to produce or distribute during a designated future period of time and as to the prices and terms of sale upon which such products will be sold or distributed. If such product will vary from any appropriate minimum specification designated by the President, such commitment shall include the minimum specification to which such product will conform, and shall be received only if the President shall find that such minimum specification is equal to or superior to such minimum specification designated by him for such product. In the President's discretion he may receive commitments as to quantity to be produced or distributed which make exception for designated circumstances tending to interfere with such production or distribution and commitments as to prices which provide for adjustment of such prices upward or downward with variation in the price of a designated means of production.

"(f) After receiving such commitments, the President may enter into civilian priority contracts with producers and/or distributors who have submitted such commitments by which the President undertakes to grant to such producers and/or distributors priorities of materials and other facilities for production, distribution, and transportation sufficient to provide for the production and/or distribution of the quantity of such product designated in such civilian priority contract and by which such producers and/or distributors undertake to produce and/or distribute for civilian use designated quantities of such product for sale at prices and upon terms not less favorable to the buyer than the prices and terms designated in such contract. Such civilian priority contracts for any civilian-defense product shall not cover a total quantity of such product which exceeds by more than 5 percent the quantity of such product found by the President to be necessary to meet the needs of the civilian population.

"(g) In entering into such contracts the President shall give preference to those producers and/or distributors who will undertake to sell such product upon prices and terms most favorable to the buyer: *Provided, however,* That the President shall not contract with a single producer or distributor for the production or distribution of more than one-third of the total quantity of such product to be covered by such contracts except to the extent that the total quantity offered for contract by other producers or distributors falls below the quantity found by the President to be necessary to meet the needs of the civilian population: *And provided further,* That the President shall limit the quantity of any such product covered by any such contract or shall give preference to a commitment which involves a higher price and/or terms of sale less favorable to the buyer when he finds that such action is necessary to prevent the establishment of a monopoly or the breach of any law of the United States: *And provided further,* That the President shall have power to establish similar limitations as to quantity and similar preference as to commitments when he finds that such action is necessary

to prevent the payment of less than prevailing wages to labor or of lower prices to farmers for any agricultural product than are provided elsewhere in this act.

"(h) If the President finds that the commitments received for any defense product are insufficient to permit contracts for the quantity of such product necessary to meet civilian needs at prices which will accomplish the purposes of this act, he may enter into such contracts covering a portion of such quantity or may refrain from entering into contracts covering such product.

"(i) No producer or distributor submitting a commitment for a civilian-defense product shall be discriminated against in the acceptance of any such contract because such producer or distributor has offered to supply only a limited quantity of such product.

"(j) The President shall have power to require by regulation or order any producer or distributor or class thereof of any service or material or capital equipment necessary for the production of a civilian-defense product to give preference to producers or distributors of civilian-defense products in selling or leasing such service or material or capital equipment, in accord with the priorities established in such civilian-priority contracts: *Provided*, That the term 'service,' as used in this paragraph, shall not include work for wages.

"(k) If the President finds that any producer or distributor of any product for civilian use or any class of such producers or distributors is buying, storing, or using any material, inventory, capital equipment, or labor which is necessary to the production of any product essential to national defense or of any civilian-defense product, the President may by regulation or order require such producer or distributor or class thereof to discontinue the purchase or use of any such material or labor, to dispose of any such inventory at reasonable prices designated by the President, and to lease any such capital equipment to any producer or distributor of any product necessary to national defense or of any civilian-defense product.

"(l) Except as specified in paragraph (k) above, nothing in any civilian-priority contract nor in this act shall prevent any producer or distributor not party to such contract from producing or distributing any product for civilian use nor from selling such product, subject to the terms of any price ceilings established in accord with the provisions of this act and of any regulations or orders pursuant to paragraph (j) above, at such prices and upon such terms as he chooses

"(m) Any service, material, or means of production other than labor which is necessary to produce or distribute a civilian-defense product may, in the discretion of the President, be designated a civilian-defense product and while so designated shall be a civilian-defense product for all purposes of this act."

Amendment No. 3: Page 3, line 24, insert after the word "act" "And when such commodity is essential to national defense or is a civilian-defense product concerning which the President finds that civilian-priority contracts will not be sufficient to accomplish the purposes of this act."

Amendment No. 4: Page 7, line 11, add section 3 (l):

"When the President finds that the national defense or the health and well-being of the civilian population is endangered by his inability to provide through purchase or contract for an adequate supply of any product essential to national defense or of any civilian defense product, he shall have the power to construct or without regard to any provision of law requiring competitive bidding to acquire on behalf of the United States

by purchase or lease, any structure or capital equipment necessary to the production of such product, and may operate such structure and equipment, or lease such structure and equipment for use by private enterprise: *Provided*, That when such structure and equipment is leased to any concern for the production of a civilian defense product, such concern shall be party to a civilian priority contract for such product."

Amendment No. 5: Change "section 3" to "section 4," and "section 4" to "section 5."

Amendment No. 6: Page 8, line 21, insert, after the word "rent," the words: "to purchase or use any material or labor, to refrain from disposal of any inventory, or from offer for lease of any capital equipment."

Amendment No. 7: Page 8, line 22, insert, after the second "any," the following words: "civilian priority contract."

Amendment No. 8: Page 9, line 16, add section 5 (e):

"It shall be unlawful to represent as a civilian defense product any product which has not been so designated by the President or which is inferior in quality to the minimum specification designated by the President for such product."

Amendment No. 9: Page 13, line 8, insert, after the word "of," the following: "any regulation or order requiring any producer or distributor or any class thereof to observe the priorities provided in civilian priority contracts or to discontinue the purchase or use of any material or labor, or to dispose of any inventory or to lease any capital equipment or."

And in the same line, strike out "section 2" and insert "section 3."

Amendment No. 10: Page 16, line 7, insert, after the word "Court," the following: "If a regulation or order requiring the disposition of any inventory or the lease of any capital equipment is set aside in whole or in part, any person who has sold or leased any property under the terms of such order shall be entitled to recover from the United States any damage incurred by virtue of conformity to any invalid portions of such regulation or order."

Mr. Chairman, I have said inflation meant that the amount of money with which people are trying to buy goods is increasing faster than the supply of goods. Therefore we must do all we can to increase production, especially of necessities. But, on the other side, we must be sure we have a monetary system which will assure us that money will come into circulation just as fast as, and no faster, than goods are being produced.

Instead of merely trying to stave off inflation at the moment with temporary measures, what we ought also to be doing is establishing the kind of monetary system in this country that will permanently do away with inflation and deflation and give us a rock on which to build a better future world. Indeed, we ought to have done this a long time ago, and some of us have been breaking our necks to try to get it done.

Why do not we establish such a dependable and sensible system for preventing inflation and deflation? The reason is very simple. Because the greatest economic power on earth is the power to create and destroy money. Listen to what Mr. Marriner Eccles, Chairman of the Federal Reserve Board, has to say about this:

There is no political or economic power more charged with the general or social in-

terest than the power to increase or decrease the supply of money. If the sovereign authority delegates this power to a particular group or class in the community, as it has done in large part in this country, it divests itself of a part of its effective sovereignty.

The power to coin money and to regulate the value thereof has always been an attribute of a sovereign power. It was one of the first powers given to the Federal Government by the Constitutional Convention. The development of deposit banking, however, introduced into the economy numerous private agencies which have power to create and destroy money without being recognized as creators or destroyers of money by the Government or the people.

Now, what exactly does Mr. Eccles refer to? According to our present banking laws, banks can lend money which did not exist until the bank loaned it. A bank can write down in a little pass book the figures \$1,000 after your name and then give you a check book and tell you they have loaned you \$1,000. What they have really created and loaned you is a \$1,000 checking account or \$1,000 of check-book money or the bank's promise to pay you \$1,000 if you ask for it. Before they loaned it to you it did not exist, but you will have handed over to the bank a mortgage or note which they believe is worth \$1,000, and so they create and exchange with you \$1,000 of this check-book money for a lien against a certain amount of your property, which you put up as security and which they can keep if you fail to pay the debt. Under such circumstances the bank has created \$1,000 worth of credit—money that did not exist before. And that credit is used exactly like cash money. You draw checks against it and pay bills with them. If you need to, you occasionally cash a check.

Let me explain it another way: Our laws require banks to keep only about 1% of cash in reserve for every \$5 of deposits. Our laws do not require banks to have as many dollars in their vaults as their depositors have on deposit. If the total amount of demand deposits of a bank is \$1,000,000, then the bank must have in reserve to pay the depositors not \$1,000,000 but \$200,000. Of course, the reason they can do this is because 95 percent of our business is done by checks and not nearly all the depositors ask for their money at the same time.

Now everybody has heard about excess reserves. On March 1, 1941, the banks had \$6,300,000,000 of excess reserves. Let us suppose their demand deposits were \$35,000,000,000. They would have been required to have \$7,000,000,000 of cash reserves behind those deposits—\$1 of cash for every \$5 of deposits. If however, they actually had \$13,300,000,000 of cash reserves they would have had \$6,300,000,000 of excess reserves. This is approximately what the situation was up to a few months ago. On August 1, 1941, however, the banks had only \$5,000,000,000 of excess reserves. And here we get into the thing that is important and has a very great effect upon inflation. What does it mean when we say excess reserve had been reduced from \$6,300,000,000 to \$5,000,000,000. It means that the banks have created and loaned

\$6,500,000,000 of new bank credit or check-book money into circulation. They have done this by lending it out at interest. For you see that since banks can create deposits and lend out \$5 for every \$1 of reserves they have, therefore, if excess reserves went down by \$1,300,000,000—the difference between \$6,300,000,000 and \$5,000,000,000—it must mean that five times that amount of deposits have been created and loaned out. Or in other words in order to reduce excess reserve by \$1,300,000,000, \$6,500,000,000 of new bank-deposit money must have been created and put into circulation by means of loans.

The recent order of the Federal Reserve Board increasing reserve requirements to the maximum allowable under present law means a reduction of excess reserves to about \$4,000,000,000.

But there are still \$4,000,000,000 of excess reserves left. And by exercising this peculiar and magical power to create money by a stroke of the bankers' pen this \$4,000,000,000 can be blown up into \$20,000,000,000 of additional bank-deposit money. And if that happens it will mean that we will have inflation in earnest in spite of whatever else we try to do to prevent it.

The power of private banks to create money in the form of bank deposits can produce an inflation any time it is to the interest of the financial houses to expand their loans. Until that power is brought under control—indeed, until the power to create money is exercised exclusively by the Congress of the United States as the Constitution provides we shall not be able to have the kind of stable and dependable monetary system I described a little while ago nor shall we be able to effectively prevent inflation.

And if I may remind farmers and businessmen of their experience after the first World War, I should like to point out that the power of the private banks to create bank-deposits money by making loans carries with it a corresponding power to destroy that money by refusing to make loans or to renew them. And therefore, whenever it is to the interest of the financial powers of the country to reduce our money supply, they can do so and produce a disastrous deflation, with consequent unemployment, bankruptcy, and foreclosure. And unless we are very vigilant—unless we take steps now to prevent it—this is just what will happen when this emergency is over.

And in case anyone may still be in doubt about my main point here, let me quote Mr. Lewis W. Douglas, formerly Director of the Budget of the United States. In an article appearing in the *Atlantic Monthly* in 1935, Mr. Douglas wrote:

In a country in which more than 90 percent of all business is done by the use of checks, there is no essential difference between the creation of bank deposits by fiat and the creation of printing-press money. Bank deposits, not currency, constitute our chief circulating medium.

In this power of private banks to create the money of America resides our real in-

flation danger—one that the Federal Reserve Board itself has warned against. But their suggested remedy is just to have Congress give them power to increase reserve requirements and let it go at that. If the Board would use its power, once it had it, this would, I grant, be a step in the right direction. But why we should attack the problem in this half-hearted fashion I am unable to see, and with all the vigor at my command I want to urge that while we are at it we should proceed gradually to increase the reserve requirements until we have in the banks a dollar of honest cash money behind every dollar of the people's demand deposits in the country. Until we do that we shall not be able to protect ourselves against either inflation or deflation. By establishing such a system no private bank could any longer create new check-book money out of thin air, and we would for the first time be able to control the increase and decrease of our money supply. Until we can do that it is idle to talk about preventing inflation or deflation, either one.

But if this were all we did, we might find that we had made money too scarce, so that the rate of interest would start going up, and that would mean a heavier charge on the taxpayers for the public-debt interest and on everyone else in business for their private borrowings.

So we need to add one more step, and here it is:

With production increasing like it is we need to have a certain amount of new money put in circulation as we go along. But we need the right amount—an amount which corresponds to the increase in production and not an amount that will cause inflation but that may suit some financier's idea of how to make a neat profit out of its creation. And we need money that will benefit the whole Nation, that will be put into circulation without any debt being contracted. And yet at present the only method we are using as a government to bring about the creation of money in our country is the method of selling interest-bearing bonds to banks which they buy from the Government in the same way that they loan to private individuals, namely, by creating the credit or checkbook money with which to buy it. That is an inflationary act in itself though few people seem to realize it. When you or I buy a defense bond we give the Government some of our money, which we have earned and after we have bought the bond the Government has more money to the amount of our payment and we have that much less. But when a bank buys a Government bond it creates the credit to buy it with—creates with a fountain pen credits on its books that it uses to purchase the bond.

The Government gives a private bank or financial house an interest-bearing obligation of all the people of the Nation and the bank in exchange credits the Government on its books with a demand deposit, created out of thin air, based wholly upon the credit of the Government and its people and secured solely by the bond itself, the sovereign Government has, in such a case, induced a pri-

vate profit-making agency to create the Nation's money or, more accurately, to monetize the credit of the Nation. No less than \$22,000,000,000 of our present public debt came about this way. And we are obligating future generations to pay interest to the banks on those bonds and before we are through the people of America will have paid the banks twice as much money as they created for the Nation's use in the first place. I have never yet heard anyone defend this practice. And I am convinced that the only reason it continues is because not enough of the people clearly understand it.

You do not need to take my word for this. Here is what Mr. Lewis W. Douglas, already quoted, had to say about this same matter:

Banks, when they buy Government bonds, rarely pay for them with cash that someone has deposited in the bank. Instead, they create a bookkeeping credit, against which the Government is entitled to draw.

Now, if we had a system of 100-percent reserves such as I have been speaking about no bank could do this. Under those circumstances, if a bank wanted to buy a Government bond it would have to actually give up some of its money in order to buy the bond just as anyone else has to do now—which to a simple-minded fellow like me seems a fair proposition indeed. And, incidentally, I would lay it down as a fundamental principle that no government, any place, any time, ever should borrow credit created by a private agency. If government is to borrow at all it should only be because it is believed to be a national necessity to transfer a given amount of already existing money or credit from private hands to those of government. The only time this would be sound public policy would be when all resources, labor, and productive capacity were fully employed and when it was for some reason necessary to reduce consumer expenditures and correspondingly increase governmental expenditures for certain purposes. And if this rule were observed then government borrowing could be used to control inflation. But when government borrowing means paying banks to create money the process is more inflationary than creation of money or credit by the government itself would be and is fundamentally unjust to boot.

What then should we do? We should pass a bill to enable a Government agency, acting in the light of full publicity, to put a ceiling on certain special prices which are getting out of line with the general price level. We should put as many safeguards against abuse of this power into the bill as possible. But we should also go to the root of the trouble and, as I have said, we should establish—not all of a sudden but over a reasonable period of time—100-percent cash reserves in all our banks for every dollar the people have deposited in them. Not only would this put a stop to private banks creating money and causing inflation and deflation. It would also mean that no bank could ever fail again.

But merely to deprive the banking system of this power to inflate our money

will not, as I have said, be enough to do. For if we are to hope for increasing production and increasing business in the future there must be some means whereby we can secure the additional supply of our medium of exchange which will be needed to accompany that increased production if deflation is to be avoided. Even now it will be a mistake to put ourselves in a position where expansion of our monetary and credit resources could not take place.

But if letting private banks create money on the security of the credit of the Nation is wrong, by the same token it is right that when economic circumstances require and justify that additional money or credit be made available in our national economy it should be the Nation itself that creates this money or credit and derives the economic advantage from its creation.

The founders of our national Government saw this and wrote into our Constitution the provision that Congress shall coin money and regulate its value. They did not say private banks shall create money and its value shall be regulated by no one at all.

Therefore the answer is that we should stop letting private finance pretend that it owns the credit of the whole American people, and whenever additional money or national credit is needed, Congress should create it in accordance with such definite and specific rules and principles that neither too much nor too little will be created at any time. And that rule and principle is this: That enough money should be kept in circulation at all times to maintain the purchasing power of the dollar at a constant level from year to year and to keep the price level from changing more than a point or two in either direction.

And to those who, though they have lived with and used fiat bank credit for years, might have a fear of Government money in the form of greenbacks, let me say that there is no necessity for printing any more money than we do now if we do not want to. We can use exactly the same general machinery as we are now using, except that we would use and control it in the public interest.

At present the 12 central Federal Reserve banks act as banks of issue not only as to credit but even as to cash money which is guaranteed by the United States and all its people. Congress should buy the capital stock of those 12 banks from the private member banks who now own them. This would cost us \$132,000,000, which is the par value of the stock. Then, when any new money is needed—over and above what can be obtained by proper taxes and real borrowing of real money from real people—such new money could be manufactured by these banks, which would then be a central bank of the people of the United States. It could be created in exactly the way it is now done—in the form of credit on the books of these central banks. Only it would be used exclusively in the interest

of all the people of America. With that credit interest-bearing or non-interest-bearing bonds could be bought from the Treasury. If interest were paid by the Treasury, it would be being paid to the people's own central bank and would come back to the Treasury again at the end of each year when the central bank turned its profits over to the Treasury, as, of course, it would be required to do. Hence there would be no sense in the bonds bearing any interest at all. And if they were non-interest-bearing bonds owed by one branch of the Government to another branch of the Government, they would simply be receipts to show that in accordance with a law of Congress the central bank of the United States had created a certain amount of new national credit and credited the Treasury of the United States accordingly. And such credits would be used by the Treasury for the payment of necessary governmental expense exactly as the proceeds from bond sales are now used. Meanwhile—and this is all-important—there would be no interest charges on the people at all for the use of their own national credit.

Now expenditures on national defense are going to continue to be staggering for the present and probably for a period into the future. Practically everyone agrees this is necessary, and certainly it is going to happen. Under our present system the interest-bearing public debt is increasing very fast and the thought of the future debt burden is one of the things that rests heaviest upon our minds at present. And therefore many people would thankfully welcome such a proposal as I have just made if only they understand that interest-free national credit is just as sound, just as secure—indeed, more sound and more secure—as is the kind of private bank credit we now borrow into existence. Well, let us see.

We all know that interest-bearing debt either will or will not be repaid at some future time. If it is paid we know it must be done out of taxes. Therefore, it is the ability of our people to produce wealth and to pay taxes as well as the taxing power of the Government that stands behind every penny of the public debt. Therefore, when bonds are sold to banks in the manner I have described, it is not only the credit of the Nation that is being borrowed by the Nation at interest, but it is the credit of the Nation that is being pledged to pay off the bond with interest at some future date.

Now if our power to produce plus the taxing power of the Government can stand behind an interest-bearing debt, they certainly can even better stand behind and make good a noninterest-bearing debt. And if they can be used to guarantee the repayment of a debt, they can surely be used as a guaranty of or security for a direct use of the credit of the Nation by the Nation and for the meeting of the Nation's present needs. In other words, just to the extent that

debt which we are now contracting can and will be paid in the future out of the people's production and the taxes derived from that production, to that same extent there is no sense at all in our Nation going into debt to borrow its own credit for that same production of wealth and that same power to tax can make as good as gold and better every dollar of money or credit issued by our Congress. And so I say once more insofar as production of real wealth is increasing to that same extent we are justified in creating as a Congress, new national credit and using that credit instead of selling interest-bearing bonds to banks for figures on their books.

One way to bring this about I have already suggested—take over the 12 central Federal Reserve banks, let them create credit in exactly the manner they do now, but let that credit be created for and made available to the Nation as a whole without interest and without any increase in the public debt.

But what, you ask, should be done at a time when real inflation might threaten, when prices did start to go up seriously? Remembering the definitions I have given, there would be two things to do: First, not to create any more new money or credit until increasing production of goods caught up with the money supply and second, if necessary, to levy such taxes as would be effective in reducing the amount of money in circulation so as to bring the prices back to normal. That is very important, for, after all is said and done, this method—balancing money creation and taxes in proper proportion is the sound way, the only sound way, to prevent inflation and deflation. If we will use this way, we will be building a system that can absolutely prevent deflation after this thing is over. And that is quite as important as preventing inflation now. Under these circumstances all that would be needed in the way of price-control legislation would be, as I have said, a measure enabling ceilings to be put on special prices which, without any sound reason, are jacked up beyond the general level of other prices. That would not be dangerous, and in the emergency it might do a lot of good. And most important, with the kind of monetary system I have described, it would be successful.

I could stop here, but I think a glance into the future, a future that I know some Americans fear, is in order.

For some day we shall find that peace has been restored. Some day we shall be able to stop this terrific spending on armament. When that time comes we have got to think about stabilizing and strengthening our economic situation as it is then. Let there be no thought of deflation then even though there be inflation now. Two wrongs never make a right. And part of that stability which we must and can then achieve will consist in our knowing for certain that we have a way ready to be used whereby we can earn our way out of debt. And we

can have such a way. We can have it just the minute we cease forever to think of basing our Nation's money or its credit upon gold or on public debt and begin to base it on the power of our people to produce wealth plus the power of our Government to tax.

For under those circumstances the arithmetic would be very simple and very right. As the people of America, by their industry, their inventiveness, their organizing ability, increased their production they would earn the right to be credited on the books of their own Treasury with an amount of new national income corresponding to the increase in wealth production. How could we tell how much of this new money or credit we were entitled to? We could tell by watching the price level and keeping the price level for basic commodities, such as food, constant from year to year. In other words, when production of goods was increasing so that the price level threatened to go down enough new money would be created and paid into circulation to bring the price level back to where it had been before. Part of this new money could be used to retire, once for all, a portion of the outstanding public debt, which explains what I mean when I talk about a method of earning our way out of debt. And when the basic-commodities price level threatened to rise we would resume taxation and cease creating new money until stability was restored. The revenue of the Treasury would consist of two items—tax receipts and new national money or credit based on new production. Today the revenue of the Treasury consists of two items also—tax receipts and the proceeds of the sales of interest-bearing bonds. What I want is to substitute production of wealth for bankers' fountain pens, national credit for national debt, hope for despair. And I tell you that once this has been done American industry as a whole will be more free than it has ever been before; and, having reestablished the right of the American people to have their Congress control and create the medium of exchange of the Nation, we can then proceed with assurance to remove our Government from many of the activities in which it is now engaged. Indeed, I would even say that if we remove from the private banks the public business of creating money we could then and should then remove the Government from the essentially private business of lending money.

There is an answer to all human problems. If we resolve fearlessly to do right we can find those answers.

I have put these ideas into the form of legislation. I try always to do that. I believe it is part of our duty to reduce ideas and principles to concrete proposals that others can examine, criticize, and improve upon. My comprehensive bill that embodies every basic principle I have spoken of is House bill 5589.

Price-control legislation is probably necessary under present circumstances.

But had we established 5 years ago the kind of monetary and tax system I have been talking about it would not have been necessary. Let us do the thing right this time while we so clearly see the need of it. Let us not be caught again by either deflation or inflation. Let us erect the solid foundation upon which a truly free economic system can be erected.

The following amendment, which I shall offer at the end of the present bill, would eliminate the private creation and destruction of money as a factor making for inflation and deflation, and would be a first step on the road toward a sound monetary basis for a free economy in America when this critical period is over:

Amendment offered by Mr. Voorhis of California.

At the end of the bill insert a new title, to read as follows:

"TITLE II

"SEC. 1. (A) Section 207 of title II of the Banking Act of 1935 is amended to read as follows:

"Sec. 207. The sixth paragraph of section 19 of the Federal Reserve Act, as amended, is amended to read as follows:

"Notwithstanding the other provisions of this section, the Board of Governors of the Federal Reserve System, in order to prevent injurious credit expansion or contraction, may by regulation change the requirements as to reserves to be maintained against demand or time deposits or both by member banks; but the amount of the reserves required to be maintained by any such member bank as a result of any such change shall not be less than the amount of the reserves required by law to be maintained by such bank on the date of enactment of the Banking Act of 1935."

"(B) All individuals, firms, associations, or corporations in the United States, or Territories and possessions thereof, receiving deposits of money or credit or any other substitute medium of exchange withdrawable or payable upon the check or equivalent order of the depositor upon demand or within 60 days and transferring such deposits or title thereto to other banks or individuals, firms, associations, or corporations in the United States, its Territories or possessions, or foreign countries, shall be deemed to be commercial banks engaged in interstate commerce, and as such are subject to Federal jurisdiction and to the authority of the Board of Governors of the Federal Reserve System for the carrying out of the purposes of this section.

"(c) In order to prevent inflation of bank credit and a consequent harmful rise in the price level, the Board of Governors shall as soon as practicable without deflationary effects resulting, require all commercial banks to hold all deposits which are subject to check and/or payable on demand or within 60 days (hereinafter referred to as demand deposits) in trust for their demand depositors, in lawful money of the United States on hand or on deposit in a Federal Reserve bank: *Provided, however*, That commercial banks which have a portion of the funds of their demand depositors invested in interest-bearing bonds and/or notes issued or fully guaranteed by the United States Government on the date of passage of this act may hold such interest-bearing bonds and/or notes in trust for their demand depositors in lieu of

lawful money or deposits in a Federal Reserve bank and such commercial banks may continue to receive the interest thereon and retain same for their own benefit: *Provided further*, That any such direct or fully guaranteed obligations of the United States shall be discountable at the par value thereof at any Federal Reserve bank: *Provided further*, That no commercial bank shall at any time use any part of the lawful money or deposits in a Federal Reserve bank held in trust for its demand depositors for the purchase of any bonds or notes of the United States: *Provided further*, That such funds as may be received by any commercial bank in redemption of bonds or notes of the United States held in trust for its demand depositors shall thereafter be held in trust for its demand depositors in lieu of such bonds or notes.

"(D) Within 1 year from the date of passage of this act, any solvent commercial bank which has on hand or on deposit in a Federal Reserve bank an insufficient total of cash and bonds or notes issued or fully guaranteed by the United States, to comply with regulations of the Board of Governors increasing reserve requirements, may hypothecate with the Federal Reserve bank of its district so much of its other sound bankable assets as may be necessary to bring its total holdings of cash and bonds or notes as herein specified to the total of the demand deposits of its depositors.

"(E) All demand deposits shall be held in trust for the benefit of the depositors and shall not be merged with or be regarded as assets of the bank nor shall they be liable for its obligations.

"(F) The Board of Governors of the Federal Reserve System shall establish and enforce such uniform rules and regulations for the withdrawal of savings and time-deposit funds from banks subject to its jurisdiction as may be necessary to effect a complete separation of the demand-deposit departments from the time and savings-deposit departments of such banks. Such deposits shall not be withdrawable on demand but only after such due notice as the Board may require has been given by the depositor to the bank.

"Sec. 2. (A) The Secretary of the Treasury of the United States is hereby authorized and directed forthwith to purchase the capital stock of the 12 Federal Reserve banks and branches, and agencies thereof, and to pay to the owners thereof the amount of their paid-in capital stock at the date of purchase.

"All member banks of the Federal Reserve System are hereby required and directed to deliver forthwith to the Treasurer of the United States, by the execution and delivery of such documents as may be prescribed by the Secretary of the Treasury, all the stock of said Federal Reserve banks owned or controlled by them, together with all claims of any kind or nature in and to the capital assets of the said Federal Reserve banks. It being the intention of this act to vest in the Government of the United States the absolute, complete, and unconditional ownership of the said Federal Reserve banks.

"There is hereby authorized to be appropriated, out of any funds not otherwise appropriated, such sums as may be necessary to carry out the purposes of this act.

"(B) The Board of Governors of the Federal Reserve System shall purchase from the Secretary of the Treasury of the United States from time to time noninterest bearing obligations of the United States in sufficient amount to increase the total supply of money in the form of cash or demand bank deposits in the United States in the same ratio as the national income increases and thus to maintain a stable buying power in the dollar."

Mr. MILLS of Arkansas. Mr. Chairman, I yield 20 minutes to the gentleman from Louisiana [Mr. Boggs].

Mr. BOGGS. Mr. Chairman, the charge is frequently heard throughout the Nation that the Congress acts hastily without giving due and deliberate consideration to the legislation which it passes. I have seen no evidence to justify that charge and certainly the members of my Committee on Banking and Currency cannot be accused of not giving long, careful, conscientious, and I believe intelligent consideration to this vital piece of legislation.

We labored through the hot summer months, during many weeks while most of the Members of the House were enjoying a recess. I do not believe there was a single group that asked to be heard which was not given full time and opportunity, and I think that applies also to the various plans of legislation which have been presented to the committee. The gentleman from Tennessee [Mr. Gore], who is a distinguished member of our committee, was given opportunity to testify himself before the committee. He made an able presentation of his argument. The same applied to every other group.

It is not my intention in closing for the committee this afternoon to spend any more time discussing the evils of inflation. I believe that all of us know those evils. I believe that every class of society will admit that the Nation at this time cannot stand the strain of unbridled, uncontrolled inflation. We have the lesson of every other country in the world and we have staring us in the face the startling realities of the last World War period.

Certainly the farmers will not contend this bill is unfair to them. Certainly the criticism that has been leveled against the committee has been one of too much liberalism rather than a strait jacketing of the farmers. We have taken every possible step to protect the interests of that vast and vital segment of our society. I believe the same argument can be applied to labor and to business.

There has been one section of the bill criticized here at length today, which has had little defense. In the few minutes at my disposal I intend to talk about the licensing provision. I defended that provision before the committee originally, I defended it again several days ago, and I shall continue to defend it because I believe without a licensing provision this bill will be unfair, unjust, and unenforceable.

Licensing is nothing new. It has been used by every country that has employed a price-control system. It was employed in the last war by the Food Administrator, Mr. Herbert Hoover, and I do not believe anyone would accuse Mr. Hoover of desiring to destroy business, whether it be big or small. After that period was ended, he had this to say about licensing:

The licensing system is the backbone of all control. Without compulsion, there always

will be a few slackers in every trade who will profit by the patriotism of the majority and prevent any control.

If we strike out the licensing provision we help the man who is not patriotic enough to comply and we punish the man who does comply.

In striking out the licensing provision, we substitute in place of the mere penalty of revocation of license a penitentiary offense and the possibility of a fine of \$5,000.

Without licensing there is no way to enforce the measure, and certainly the licensing provision does not apply to all people, in all businesses, large or small. For instance, the impression has been given that every corner grocery store would have to have a license. That is certainly not true. If the corner grocery store were selling butter, we will say, and if butter had a price ceiling on it, the grocery would have to have a license to sell butter, but all the other countless varieties of merchandise in the store would be unlicensed. The same thing applies to every other type of business in the Nation.

I believe that any Member of the House who will study that provision will agree that it is the only way to protect the thousands and thousands and thousands of merchants who will patriotically comply with the provisions, as against those who will bootleg, who will hoard, or who will devise methods and means to get around the ceilings which are established.

I do not intend to take all the time that has been allotted to me. I feel that this bill has been discussed ably and intelligently by my colleagues on the committee.

Mr. SANDERS. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I yield to the gentleman from Louisiana.

Mr. SANDERS. One of the things I should like to have the gentleman discuss is the question of an appeal from the price-fixing powers of the Administrator. I have been very much interested in the gentleman's able presentation. I have heard it stated that absolute powers are given to the Administrator without any check. Will the gentleman say something about that question?

Mr. BOGGS. I am glad my colleague from Louisiana has brought up that point, because there has actually been very little discussion of the protective devices which are placed in this bill.

The bill sets up what is known as an emergency court of appeals. This court is quite different from most administrative bodies and tribunals. In the ordinary administrative agency of the Government you set up a quasi-judicial body within the agency itself, which results in the agency passing on the agency's own action.

In this case, any party who is aggrieved is given the right to file his papers and bring the record to the emergency court of appeal. That court is appointed by

the Chief Justice of the United States Supreme Court, to be composed of Federal circuit and district court judges throughout the Nation. This to my way of thinking is a greater degree of protection than is provided in the case of almost any administrative agency.

There has also been some discussion about the rule of review, which has been intended to offset a capricious attitude on the part of the Administrator. This, too, is considerably broader than in the case of other administrative agencies of the Government. The ordinary rule of law is that the administrative agency is sustained if there is any evidence to sustain the position of the agency. In this particular situation, you are able to go into the whole realm to find out whether or not the actions of the Administrator were justified. In doing that, you can investigate the costs, the factors which have entered into the setting of a price and a ceiling, and all the other ramifications of the setting of a price and a ceiling.

After he has exhausted his remedy in the emergency court of appeals, the aggrieved party is given the further right to go to the United States Supreme Court by way of certiorari.

I contend that anyone who will study this bill thoroughly will find that this committee has written into the bill as many safeguards as possible in a time of emergency.

I respectfully disagree with the gentleman who just preceded me that the Nation is not facing an emergency. If our country is not in an emergency today we have never been in an emergency. If we are not in an emergency today, none of the legislation that has passed this body is justified. If we are not in an emergency today, the act of appropriating \$67,000,000,000 is criminal, and every Member of this House should be sent home for doing it. If we are not in an emergency today, the act of setting up a system of priorities and allocations is criminal.

I say to those of you who oppose a licensing provision in this bill and who sat here in this House during a short debate of 1 or 2 hours and voted for the priorities system that the comparison is almost negative.

We have established in America a system of priorities which means that we can put X out of business and keep Y in business. It is the most drastic control of business ever designed by our country. It is the power of life and death. It means the end of the competitive system, and yet we did it. I voted for it, and most of the Members of this House voted for it, because they realize that these are not ordinary times.

I may say further, Mr. Chairman, that nobody wants price control, whether it be as outlined in the Steagall bill or in the Gore bill. All of us believe in the system of free enterprise. All of us had rather see business function unhampered, unhindered, and uncontrolled. All of us

believe that America has grown great by the individual initiative of the various components of its society, but all of us know, too, that when a nation faces peril that all groups of that nation must be prepared to sacrifice. Price control is sacrifice. Price control is the invasion of business rights, of the rights of the farmer and the rights of the other components of our society, but along with the other sacrifices that have to be made we in America, if we are to face the emergency which confronts us today, must make this additional sacrifice.

Mr. Chairman, frequently the criticism has been heard throughout the Nation that the Congress is inclined to act hurriedly, without proper consideration on legislation of vital importance. My impression of the Congress has been quite to the contrary, and certainly no such charge can be leveled at the House Banking and Currency Committee in respect to its consideration of emergency price-control legislation. Through the hot summer months and into the pleasant days of fall our hearings lasted. No group was denied the opportunity to be heard and the committee sought the advice and assistance of the best minds in the country, both within and without the Government.

Hence, no matter what may be said with respect to the committee and its work, it cannot be charged or asserted that all members did not give generously of their time and their best effort to protect the Nation on the vital home front.

The members of the committee did not relish their task. It has been said that price control is regimentation; that price control is contrary to our traditional economic practices; that price control embodies within itself principles of totalitarianism; that price control is contrary to our time-honored system of free enterprise. To deny the truth at least in part of these assertions is to be unrealistic. Price-control legislation is drastic, unwanted, unpopular, but necessary.

It is one of the remedies for an economy that is being strained and overworked. It is not pleasant medicine nor will it fail to prevent discomfort, suffering, and inconvenience, and in the end it may not prevent many of the ills it is designed to cure. With it will come a denial of complete freedom of action to many groups that go to make up our society and our business, labor, and agricultural communities.

But the alternative of inflation with its crazed spirals in values, its wild uncontrolled speculation, its creation of paupers and millionaires, and the inevitable reckoning of deflation is frightful. The grant of authority required for a regulation of prices is one that should be given only in times of emergency, but to fail to grant that authority at such a time is to commit national suicide.

Price control is unpopular. The average businessman says that he has been in the red since 1929 and now has come his

first opportunity to get ahead; the wage-earner says that he has been unemployed or has just recently been released from the relief rolls; the farmer says that he has failed to meet production costs for the past decade.

But already the march toward inflation is well on its way. If the Members of the House will find the opportunity to study the many charts and graphs prepared by the Bureau of Labor Statistics and other Government and private agencies they will find a deadly parallel in the situation today as compared to the years immediately preceding the World War. Until 1916 during that period there was little advance in the cost of living in the United States. But in 1916 the Allied buying began to be felt and our Government began its defense program. A moderate advance began. At first it was not felt, but the inevitable spiral developed and by 1920 the cost of living in the United States had doubled.

Until early 1941 there was little increase in the cost of living in the United States as compared with costs in October 1939. Within the past several months, however, the increase has been startling, and it cannot be doubted that even greater increases would have occurred had it not been for the measure of voluntary control exercised by the Office of Price Administration. More sinister than the actual increases are the advances in wholesale prices, which are continuing daily. Retail prices are far behind, and when they catch up—and they will not if this legislation is not enacted—there will be alarming increases in the cost of living.

The story of the cycle of inflation and deflation has been told too often on this floor to bear repetition. We all know that the World War cost this Government and the taxpayers something like \$15,000,000,000 more than it would have had prices been stabilized; we all know that the citizens were forced to pay that inflated debt with deflated dollars; we all know that countless millions of farmers were bankrupted in the backwash of the twenties, due to the mortgage debt incurred during the inflated years; we all know that millions of white-collar workers—Government employees, teachers, firemen, policemen, clerks, wage earners, professional men and women—were forced to lower their standards of living when the value of their dollars dropped by approximately 40 percent; we all know that businessmen came to know the bewilderment of failure and bankruptcy; and we all know that millions of our citizens saw their savings, investments, and savings accounts vanish. It was a nightmare. It was the battle we lost. It was the disease that helped to nurture Hitler and to destroy private enterprise and make possible the dictatorships of Italy and Germany.

And today the same symptoms are here. The Government is spending more than a billion per month for defense and lend-lease; the national income is at an

all-time high; the demand for civilian goods is far over-reaching supply; many thousands of citizens have dollars to spend for the first time in years; profits, wages, incomes are increasing. We must heed the voice of experience. We must act now. We must win this battle this time. Do not take the word of the members of the committee. Read the testimony of the representatives of business and labor and government before our committee. Study the charts presented by Mr. Henderson, Dr. Lubin, Secretary Morgenthau, Governor Eccles, Under Secretary Bell, Secretary Wickard, and many others.

Every other major nation has profited from the experience of the last war. No nation, whether totalitarian or democratic, is without legislative price control. The most drastic systems are to be found in the dictator nations but all the others, Great Britain, its Dominions, Switzerland, Sweden, Brazil, and countries of South America have employed price control since the beginning of hostilities.

During the last World War we tried price control, but the timing was bad. It was not instituted until too late and it was removed too soon. In addition to this it applied only to a limited number of commodities. But during the time it was in operation, and as applied to the commodities affected by it, it was effective. That period may have been even more disastrous had not some measure of control been instituted.

That brings me to a discussion of the question about which there seems to be much misunderstanding. Many of us make the mistake of believing that price control alone will control inflation and that the more harsh you make the control the more effective it will be. This is far from true.

Price control must first of all be implemented by wage stabilization. The two are separate and distinct, however. But I differ from many of my colleagues in the belief that wage control is essential to price control. The concept should be just the opposite; price control is essential to wage control or stabilization. During the World War real wages did not keep pace with commodity prices despite the unprecedented advances in many industries. There was constant, interminable strife and discord and relations between employer and employed were far from harmonious. The reason was obvious. The cost of living continued to advance and wages did likewise, resulting in the inevitable spiral. Now, had the cost of living been maintained at even keel and had inordinate profits and profiteering been denied, the basis for wage increases would not have existed.

Hence I maintain that price control and control of the cost of living which effects the real wage is absolutely essential for wage stability and wage control. The alternative is constant strife. With a stabilized price structure wage adjustments can be effected through the area agreements which have been initiated in

the shipbuilding areas and are now being extended to all defense regions.

But there are other important measures which must be adopted if inflation is to be controlled. The supply of all civilian goods must be expanded by new production and by imports, and control of exports. In addition to this the Nation must encourage savings and institute a carefully worked out tax program to reduce excess purchasing power and decrease deficit spending; efforts must be made to decrease nondefense expenditures. The Byrd committee should be accorded full support. And finally, attention must be given to the control of credit, installment buying, hoarding, and profiteering.

There has been much discussion of the so-called over-all ceiling, which would freeze all costs on a given date. Many are advocating this plan, as the only sure way to prevent inflation. I maintain that no price control without the other measures which I have mentioned will prevent inflation; and further, in no country other than Nazi Germany has the freezing plan been employed. And even there, controlled and regimented as the nation is, more than 7,000 exceptions and adjustments have been made to the original order. The freezing principle is the application of total regimentation to American business, labor, and agriculture.

The committee bill, on the other hand, is carefully drawn with many safeguards. It provides legislative standards for price control which are liberal and which will protect the business system; it recognizes the parity concept for agriculture, and it does not attempt to regulate salaries, established business practices, profits, wages, or income. It establishes safeguards against abuse, provides for advisory councils, sets up a court to be appointed by the Chief Justice of the Supreme Court from the judges of the circuit and district Federal courts, provides for judicial hearing and review; establishes a definite date of termination and requires quarterly reports to the Congress.

Price control is one of the essentials in the control of inflation. To vote for this bill is to vote for the preservation of the American system of doing business and to provide for the internal security of the Nation during the period of its greatest peril. To vote otherwise is to sanction inflation and all that it will mean to business, to agriculture, to labor, to government, and to the sapping of the morale of our people.

Mr. STEAGALL. Mr. Chairman, I yield 5 minutes to the gentleman from Idaho [Mr. WHITE].

Mr. WHITE. Mr. Chairman, Chairman STEAGALL, of the Banking and Currency Committee, and Republicans, of which there is not one here, I had hoped to have the privilege of answering the gentleman from Michigan [Mr. Wolcott], and have him here on the floor,

but I only find about two from the other side on the floor, and you know I am reminded in having an opportunity to address this august body at this unfortunate hour of some barnstorming theatrical organization that comes into a town and finds their show a flop. But we who are here at this late hour are considering one of the most vital pieces of legislation ever brought before this Congress for the consideration of the Members of the House of Representatives.

I find the gentleman from Michigan [Mr. Wolcott] has returned and is present, and for that I am very much gratified.

I have in my hand, Mr. Chairman, a platform that has been adopted by one of the great farm organizations of this country. I have carried it close to my heart, Mr. Chairman, and you know, when I was helping to draft the Democratic platform in the great city of Chicago and we were addressed by the great Mr. Taber, the head of the Grange, I had the privilege of pulling forth this platform and reading it to Mr. Taber, who was representing the National Grange and submitting the demands of the farmer to our Democratic platform committee. I am going to have the privilege of reading two small paragraphs of that platform to the Members of the House and if we could have induced the House and the Congress and the Government of these great United States to adopt at the inception of this administration or the previous administration, we would not be here today debating a price-control bill. Let me read the first paragraph:

Agriculture demands a monetary system providing an honest dollar, one just to debtor and creditor alike, with constant purchasing power, preventing uncontrolled inflation or the disastrous effects of deflation.

Coupled with that I will read you another short paragraph:

There must be recognition of the principle of price parity, as between the products of agriculture and industry in the domestic market.

If you would extend to the basic industries, Mr. Chairman, this simple provision of price parity between the products of the basic industries and the manufacturers of the necessities of this country, and provide a good, workable, and adequate money system, we would not have to go to the extreme of controlling prices, with all that is entailed by such a program in the way of expense to the Government.

The honorable gentleman from Michigan [Mr. Wolcott] took exception to the silver-purchasing policy and the gold-devaluation plan of the Federal Government. It seems to me that that gentleman was straining at a gnat and swallowing a camel because we are over \$50,000,000,000 in debt, due to the working of this wonderful Federal Reserve System that he advocates in season and out. What is the matter with this silver-

purchasing policy that he takes such violent exception to and criticizes us for voting to extend the power to the President, which he has not used? I am wondering what plan the honorable gentleman from Michigan would give to the American people; I am wondering how far it would supply the money functions of this Government; and I am wondering how far he would carry this Federal Reserve System that put us \$50,000,000,000 into debt.

The CHAIRMAN. The time of the gentleman from Idaho has expired.

Mr. WOLCOTT. Mr. Chairman, I yield the gentleman 5 minutes more.

Mr. WHITE. Under the provisions of the Silver Purchase Act we buy foreign silver for about one-third of its nominal value in our money. We have been buying domestic silver until recently at 69 cents and putting it out at \$1.29, and we are now paying 71.11; and if the Government makes a profit of 40 percent in doing that, and it goes back into the channels of trade, without interest charge, as the price of circulation, what is the matter with it? That is inflation, they say. I have been watching the Treasury statements coming to my office from day to day, and watching the condition of the Treasury. These silver certificates that the gentleman so eagerly takes when he gets his salary check turned into money have a purchasing power all over this country. The money goes into every till and every pocketbook in the country. These dollar certificates I refer to represent silver. There is nothing wrong with this kind of money except one little thing, and that is that it is claimed inflationary. The trouble with the money is that it does not bear interest to the banks of the Federal Reserve System. That is what is the matter with it. If that kind of money is inflationary, what is the matter with the money that built this America; what is the matter with the money we had when we bought Louisiana, and when we bought Florida; and what is the matter with the money we had when we bought Alaska? What is the matter with the money that put American ships on every sea and American commerce in every port in the greatest period of development this country ever saw, when we had international bimetalism? A declaration for international bimetalism is on the statute books of this country. Let us renew our efforts to establish international bimetalism in the Western Hemisphere. We will never go onto a stable financial basis until we do have international bimetalism.

Mr. STEAGALL. Mr. Chairman, I move that the Committee do now rise. The motion was agreed to.

Accordingly the Committee rose; and Mr. MILLS of Arkansas having assumed the chair as Speaker pro tempore, Mr. COOPER, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had

had under consideration the bill H. R. 5990 and had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. SWEENEY. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include therein two letters making reference to Supreme Court litigation.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. WOLCOTT. Mr. Speaker, on behalf of the gentleman from Michigan [Mr. SHAFER], I ask unanimous consent that he be allowed to extend his remarks in two instances: In the first, to include some tables and, in the second, to include some studies.

The SPEAKER pro tempore. Without objection, the request is granted.

There was no objection.

ADJOURNMENT

Mr. STEAGALL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 36 minutes p. m.), pursuant to its order heretofore entered, the House adjourned until tomorrow, Wednesday, November 26, 1941, at 11 o'clock a. m.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of the Committee on Interstate and Foreign Commerce at 10 a. m., Wednesday, November 26, 1941.

Business to be considered: Resume hearings on the Securities Act of 1933 and the Securities Exchange Act of 1934.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

There will be a meeting of this committee at 10:30 a. m., Wednesday, November 26, 1941, for the consideration of unfinished business and private bills.

COMMITTEE ON THE JUDICIARY

Subcommittee No. 4 of the Committee on the Judiciary will hold hearings on H. R. 4916, suspending during the time of war or national emergency the running of any statute of limitations on prosecutions for Federal offenses, on Wednesday, November 26, 1941, at 10 a. m., room 346, House Office Building.

Subcommittee No. 4 of the Committee on the Judiciary will hold hearings on H. R. 4359, conferring jurisdiction upon the Court of Claims of the United States to hear, determine, and render judgment on the claims of H. B. Nelson (doing business as the H. B. Nelson Construction Co.) against the United States for the amount of such actual losses or damages as shall appear to be due him, on

Wednesday, November 26, 1941, at 10 a. m., room 346, House Office Building.

Subcommittee No. 4 of the Committee on the Judiciary will hold hearings on H. R. 6045, to amend the act entitled "An act to require the registration of persons employed by agencies to disseminate propaganda in the United States, and for other purposes," approved June 8, 1938, as amended, on Friday, November 28, 1941, at 10 a. m., room 346, House Office Building.

Subcommittee No. 4 of the Committee on the Judiciary will hold hearings on H. R. 6056, to regulate in the United States Court of Claims suits for payment for the use of inventions by or for the Government, on Wednesday, December 3, 1941, at 10 a. m., room 346, House Office Building.

COMMITTEE ON INSULAR AFFAIRS

There will be a meeting of the Committee on Insular Affairs at 10:30 a. m., on Friday, November 28, 1941, for the consideration of amendments to S. 1623 and H. R. 5925.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of the Subcommittee on Aviation of the Committee on Interstate and Foreign Commerce at 10 a. m., Monday, December 8, 1941.

Business to be considered: Hearings on H. R. 5695, a bill to amend the Civilian Pilot Training Act of 1939 so as to provide for the training of civilian aviation mechanics.

EXECUTIVE COMMUNICATIONS, ETC

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1094. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated August 26, 1941, submitting a report, together with accompanying papers, on a preliminary examination of Mackinaw River, Ill., authorized by the Flood Control Act approved August 28, 1937; to the Committee on Flood Control.

1095. A letter from the Acting President, Board of Commissioners of the District of Columbia, transmitting a draft of a proposed bill to prohibit parking of vehicles upon public or private property in the District of Columbia without the consent of the owner of such property; to the Committee on the District of Columbia.

1096. A letter from the Secretary of War, transmitting a report under section 3 (b) of the Selective Training and Service Act of 1940; to the Committee on Military Affairs.

1097. A letter from the Secretary of the Navy, transmitting a draft of a proposed bill to authorize the employment of nationals of the United States on any public work of the United States in the Territory of Hawaii; to the Committee on the Territories.

1098. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the fiscal year of 1942 in the aggregate amount of \$85,000,000, together with a provision for a contract authorization in addition thereto in the amount of \$50,000,000, for the Federal

Works Agency (H. Doc. No. 446); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. LANHAM: Committee on Public Buildings and Grounds. S. 1826. An act to permit seeing-eye dogs to enter Government buildings when accompanied by their blind masters, and for other purposes; without amendment (Rept. No. 1448). Referred to the Committee of the Whole House on the state of the Union.

Mr. LESINSKI: Committee on Invalid Pensions. H. R. 6009. A bill to provide pensions at wartime rates for officers and enlisted men of the Army, Navy, Marine Corps, and Coast Guard disabled in line of duty as a direct result of armed conflict, while engaged in extrahazardous service or while the United States is engaged in war, and for the dependents of those who die from such cause, and for other purposes; without amendment (Rept. No. 1449). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. D'ALESSANDRO:

H. R. 6096. A bill providing for transportation home during furlough for enlisted men and selectees in the United States Army, Navy, and Marine Corps; to the Committee on Military Affairs.

H. R. 6097. A bill to amend section 156, title 5, of the Code of Laws for the District of Columbia, complete to March 4, 1929; to the Committee on the District of Columbia.

By Mr. DOUGHTON:

H. R. 6098 (by request). A bill to authorize the condemnation of materials which are intended for use in process or renovated butter and which are unfit for human consumption, and for other purposes; to the Committee on Ways and Means.

By Mr. PRIEST:

H. R. 6099. A bill to provide for the appointment of a superintendent of Star Route Service in the Post Office Department, the fixing of rates for star routes, and for other purposes; to the Committee on the Post Office and Post Roads.

By Mr. KRAMER:

H. R. 6100. A bill to penalize disloyalty to the United States, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. HUNTER:

H. R. 6101. A bill to provide for the mediation of labor disputes affecting the national defense, to require maintenance by employers and employees of the status quo during mediation efforts, and for other purposes; to the Committee on Labor.

By Mr. RANKIN of Mississippi:

H. R. 6106 (by request). A bill to provide liberalized benefits for disabled American veterans of the World War and their dependents, and for other purposes; to the Committee on World War Veterans' Legislation.

By Mr. McGEHEE:

H. R. 6107. A bill to authorize the Commissioners of the District of Columbia to permit

the vestry of Rock Creek parish to utilize for burial sites certain land within its present holdings in Rock Creek Cemetery; to the Committee on the District of Columbia.

By Mr. D'ALESSANDRO:

H. J. Res. 248. Joint resolution to direct the Public Utilities Commission to make an investigation and survey to determine the feasibility of the construction of subways in the District of Columbia for both streetcars and vehicular traffic; to the Committee on the District of Columbia.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOGGS:

H. R. 6102. A bill confirming the claim of Augustus Dominique Turand for the Church of St. Jacques to certain lands in the State of Louisiana, parish of St. James, said claim being listed as No. 392 in report of commis-

sioners dated January 9, 1812; to the Committee on the Public Lands.

By Mr. GREEN:

H. R. 6103. A bill granting a pension to John S. Williams; to the Committee on Pensions.

By Mr. ROBSION of Kentucky:

H. R. 6104. A bill granting a pension to Ira Kilburn; to the Committee on Invalid Pensions.

By Mr. STEVENSON:

H. R. 6105. A bill for the relief of Edith Beck; to the Committee on Claims.

no 24



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 77th CONGRESS, FIRST SESSION

HOUSE OF REPRESENTATIVES

WEDNESDAY, NOVEMBER 26, 1941

The House met at 11 o'clock a. m., and was called to order by the Speaker.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Thou who didst manifest divine love to bring us to our Father, in Thy name we pray. Grant that we may have a finer conception of the riches of Thy goodness, so that Thy name may become one of power, of hope, and of inspiration. We pray Thee to enrich us with the spirit of fidelity, of helpfulness, and of gentleness, fulfilling our daily conduct with the spirit of our Elder Brother. How blessed is that life which lives by its higher nature; it reveals and interprets the divine and at last stands in Zion in the presence of God.

Blessed Lord, what a change would come over human society if all the pain-bearing elements should die away and be destroyed by the incoming spirit of Jesus of Nazareth; we pray that all bitterness or resentment whether silent or vocal may be forgotten. By Thy graciousness draw us close to Thee, making us forget our poverty of soul and lead us to forgive the weaknesses and failures of others, arising undismayed to greater effort. In our dear Redeemer's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

EXTENSION OF REMARKS

Mr. MARTIN J. KENNEDY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include therein a resolution adopted by the Association of Motor Vehicle Commissioners concerning certain bills pending in the House; and, second, I ask unanimous consent to insert in the Appendix of the Record an address delivered before the Seventy-seventh Division by former Capt. Vincent Murphy on the subject The Bill of Rights.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

PRICE-CONTROL LEGISLATION

Mr. MARTIN J. KENNEDY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

LXXXVII—577

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MARTIN J. KENNEDY. Mr. Speaker, today we are going to consider an amendment to H. R. 5900 entitled "A bill to further the national defense and security by checking speculation and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes."

One of the most objectionable features of this type of legislation is the proposal or tendency to regulate wages. I want it distinctly understood here and now that I am opposed to all legislation which in any way attempts to put a ceiling on the wages to be paid to the American workman.

We recently passed a tax bill which means higher income taxes on every wage earner, and there has been a suggestion from the Secretary of the Treasury that we increase the social-security tax.

If we pass legislation to carry out these proposals, the only thing left for the average person will be his right to work and pay taxes. This is not a bright outlook for the millions of decent, peace-loving men and women of America.

This control legislation and tax legislation is due to the defense program. The persons who will suffer most are those in the lower-salary brackets and are the ones making the supreme sacrifice by giving their sons to the armed forces of the country. We all know that the majority of men in the Army, Navy, and Marine Corps come from the average American home, which homes unfortunately are not blessed with great wealth. The membership of this House should be searching for ways to cut the cost of government to the citizens instead of passing legislation restricting the rights of the people and loading them down with new taxes.

During my 18 years of legislative service I have worked and voted for every measure to improve the standard of living, hours of employment, and for the payment of a living wage. I am going to resist every effort which might in any way impair the gains of labor; and, to my way of thinking, regulation of wages will be the first step toward tearing down the structure of labor legislation of which I am so proud, because of the part that I played in its development and building.

I hope that the House will follow my leadership in this direction.

EXTENSION OF REMARKS

Mr. COLE of Maryland. Mr. Speaker, I have two requests to extend my remarks: First, to include an address delivered by Mr. Boyd, president of the American Petroleum Institute; and, second, to include an address delivered by Mr. Davies, Federal Petroleum Coordinator.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. WOODRUFF of Michigan. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include therein an article by James B. Reston, which appeared in the New York Times of the 18th; and also an article by John S. Knight, publisher of the Detroit Free Press.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. GEHRMANN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record by including a short newspaper article entitled "Want To Help Kill America."

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. BISHOP. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record by inserting a report from the Office of Production Management relative to the employment situation at the Illinois Ordnance Plant in my congressional district. This report is in reply to my request for an investigation and for the establishing of a definite policy with respect to employment by the executives responsible for the successful operation of the plant.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. WICKERSHAM. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record in six instances and include therein a statement and tables showing the work done by the N. Y. A.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

NATIONAL YOUTH ADMINISTRATION

Mr. WICKERSHAM. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. WICKERSHAM. Mr. Speaker, the N. Y. A. in Oklahoma, especially, and, in my opinion, throughout the United States, has been doing a splendid job. The Congress appropriated moneys for the N. Y. A., but the Bureau of the Budget through its power is withholding the funds in Oklahoma in particular. Last week 7,000 N. Y. A. workers engaged in defense training were cut off. Last week Oklahoma sent 1,000 trained men to California to be airplane workers in defense plants. Five hundred of these were N. Y. A. trainees. I hope the N. Y. A. work will be continued.

[Here the gavel fell.]

PRICE-CONTROL LEGISLATION

Mr. COX. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. COX. Mr. Speaker, the time is at hand when this House has an opportunity of demonstrating to the country that it has recaptured its independence and its self-respect. It has the opportunity in its hands to give evidence of the fact that it expects to have something to do with writing legislation from now on.

The Gore amendment, in my opinion, will be beaten down, and, of course, this House is going to throw out the amendment to restore to the committee bill the licensing feature. When that is all over, then this whole question should be re-committed to the committee for them to write a bill in keeping with what is apparently the sentiment of this House and of the country.

EXTENSION OF REMARKS

Mr. MCGREGOR. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include an article or a chart by the Department of Agriculture, Bureau of Foreign Crops and Commerce.

The SPEAKER. Is there objection to the request of the gentleman from Ohio [Mr. MCGREGOR]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. WINTER. Mr. Speaker, I ask unanimous consent that on Monday next, December 1, at the conclusion of all business on the Speaker's desk and after all other special orders heretofore entered, I may be permitted to address the House for 30 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Kansas [Mr. WINTER]?

There was no objection.

EXTENSION OF REMARKS

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the Record and to include a letter from Russell Fisher and an analysis of the price-

control bill by the Cotton Manufacturers Association.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts [Mrs. ROGERS]?

There was no objection.

Mr. GORE. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the Record and to include a statement by Mr. Baruch, and also to revise and extend the remarks I expect to make in the Committee of the Whole today.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. GORE]?

There was no objection.

ENEMIES OF OUR GOVERNMENT

Mr. DIES. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. DIES]?

There was no objection.

Mr. DIES. Mr. Speaker, yesterday I gave the House a partial record of some of the key figures in the Price Administration, and I asked every Member to read my speech in today's Record as well as the evidence submitted in that speech.

The only answer that Mr. Henderson ever gave, to that was to state to the Banking and Currency Committee that I was not a responsible Member of Congress. Mr. Speaker, I am sick and tired of the arrogance of the bureaucrats that have infested this Government, and, so far as I am concerned, I am going to vote to recommit this bill because I refuse to put into the hands of the enemies of this country vast powers to strangle our whole economic and political system.

[Here the gavel fell.]

LEON HENDERSON

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. VOORHIS]?

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, I cannot refrain from saying just one thing at this point. I agree entirely with the gentleman from Texas so far as Communists are concerned. Any one who is a Communist should not be employed any place in our Government. I do not believe that anybody who is a Nazi or Fascist should be employed anywhere in our Government. But so far as Mr. Leon Henderson is concerned, I do not think the gentleman from Texas intended to give a wrong impression. There are a lot of things I do not agree with Mr. Henderson about. He has bawled me out plenty on more than one occasion, because I did not agree with him, but I do not think the gentleman from Texas wants to leave the impression that he thinks Mr. Henderson is an enemy of the United States. Does he?

Mr. DIES. No; and I did not say that. We have submitted certain names to the President and I have stated that if he would act we would submit 50 other names in the Price Administration. I have submitted to the President the names of 1,126 members of subversive

organizations employed by this Government and in addition I am sending to the White House the names of 15,000 Nazis, many of whom hold positions in our defense industries. I am sick and tired of this. I have a responsibility to my country and I am going to carry that responsibility out. As far as I am concerned I am going to use all the power at my command to get the White House to take whatever action is necessary.

Mr. VOORHIS of California. Every Member of this House has a responsibility to his country. We have a responsibility, I believe, first to see that no enemies of the United States, as the gentleman puts it, are in Government employ. But we also have a responsibility to make a distinction between people who are really subservient to foreign governments or to foreign systems and under the discipline of those governments, on the one hand, and people, on the other hand, who, whether we agree with them or not about what they believe or may not believe, we know perfectly well are fundamentally loyal and patriotic to our Nation. I think there has got to be in the picture somewhere a recognition of the distinction between those two kinds of things.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. STEFAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include a few letters and telegrams on the price-control bill.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska [Mr. STEFAN]?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. RICH. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. RICH]?

There was no objection.

Mr. RICH. Mr. Speaker, thank God we have men in the House of Representatives like the gentleman from Texas, MARTIN DIES, who want to do the real thing to save America. God bless him. If we do not rid this Government of those people who are Communists and desirous of Russianizing America, we will eventually permit them to undermine our Government and it may be overthrown. I am with the gentleman from Texas, MARTIN DIES, in his desire to rid them out of our Government employment. Let anyone in this country who does not like our form of government get out and go to some other land—a land or country he likes better than America. If, for any reason, they do not want to leave our shores, let us put them in concentration camps. All people who stand for the overthrow of our Government, put them on a ship and send them to some other country, or if they would not be acceptable to any other country, then send them to the South Sea islands. Get Communists out of America.

ENEMIES OF OUR GOVERNMENT

Mr. LELAND M. FORD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. LELAND M. FORD]?

There was no objection.

Mr. LELAND M. FORD. Mr. Speaker, I agree with the gentleman from Pennsylvania. Thank God for the gentleman from Texas [Mr. DIES]. This gentleman has repeatedly submitted to this administration names of persons who are undermining our Government, but he does not get to first base with the administration. The arrogance of these bureaucrats is terrific. We cannot get information from them. They try to shut you out. I do not see any reason why these names have not been investigated and those guilty discharged. We handled the case of one man, David Lasser, by cutting out his salary in an appropriation bill. If we have to do that, I would be willing to cut out the salaries of every one of these enemies whose names have been submitted by the gentleman from Texas when we come to consider the appropriation bills, and stop them dead in their tracks. I believe that the enemy from within is being given his greatest help from the administration itself. As far as I am concerned, I do not believe I can vote for any bill like this until we have stopped these subversive interests.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. GRANT of Indiana. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a short resolution I have received.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

PRICE CONTROL

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 5990, with Mr. COOPER in the chair.

The Clerk read the title of the bill.

Mr. GORE. Mr. Chairman, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment offered by Mr. GORE:
Be it enacted, etc.,

TITLE I—GENERAL PROVISIONS AND AUTHORITY PURPOSES; TIME LIMIT

SECTION 1. (a) It is hereby declared that it is in the interest of the national defense and security and the purposes of this act are (1) to preserve the value of the national currency against the consequences of price and credit inflation; (2) to stabilize prices and to prevent speculative, unwarranted, and abnormal increases in prices and rents; (3) to prevent economic disturbances, labor disputes, burdens upon interstate and foreign commerce, interference with the effective use

of the Nation's resources for defense, and impairment of national unity and morale, which would result from unwarranted increases in prices, rents, and the cost of living; (4) to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities caused by or contributing to the national emergency; (5) to prevent prospects of price rises from encouraging the accumulation and withholding of materials needed for national defense, and from impeding long-term commitments for production; (6) to assure that defense appropriations are not dissipated by excessive prices; (7) to obtain the maximum necessary production without undue profits to low-cost producers; (8) to protect persons with relatively fixed and limited incomes, wage earners, investors, and persons dependent on life insurance, annuities, and pensions, from undue impairment of their standard of living; (9) to prevent a post-emergency collapse of values; (10) to stabilize agricultural prices in the manner provided in section 3; and (11) to provide procedures for administration and review which will fairly protect the interests of those subject to this act, without endangering the dominant public interest in the accomplishment of the foregoing purposes.

(b) The provisions of this act, and all regulations, orders, and requirements thereunder, shall terminate on June 30, 1943, or upon the date of a proclamation by the President that the further continuance of the authority granted by this act is not necessary in the interest of the national defense and security, or upon the date of enactment of an act of Congress terminating such authority, whichever date is the earlier; except that as to offenses committed, or rights or liabilities incurred, prior to such termination date, the provisions of this act and such regulations, orders and requirements shall be treated as still remaining in force for the purpose of sustaining any proper suit, action, or prosecution with respect to any such right, liability, or offense.

(c) The provisions of this act shall be applicable to the United States, its Territories and possessions, the District of Columbia, and the Philippine Islands.

Mr. STEAGALL. Mr. Chairman, may I inquire of the gentleman from Tennessee if the amendment now being read is identical with the last bill introduced by him, H. R. 6086?

Mr. GORE. It is.

Mr. STEAGALL. I ask this for the purpose of making sure that no points of order are waived. That being the case, no point of order will be made. I just wanted to be sure about it.

Mr. GORE. May I say to the gentleman that it is identical with the bill which was sent to the office of every Member yesterday morning. For that reason, Mr. Chairman, I ask unanimous consent that the reading of the amendment be dispensed with and that amendments to the amendment be considered in the order of the sections to which they apply.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

Mr. PATMAN. Reserving the right to object, Mr. Chairman, I did not hear the last part of the request. I wish the gentleman would restate his unanimous-consent request.

Mr. GORE. I ask unanimous consent that the reading of the amendment be dispensed with and that amendments to

the amendment be considered in the order of the sections to which they apply.

The CHAIRMAN. The Chair feels that he should state that the amendment offered by the gentleman from Tennessee is one amendment. Of course, amendments to the amendment would be in order to any part of the amendment.

Mr. GORE. The request I submitted, Mr. Chairman, was that the amendments to the amendment be considered in the order of the sections of the amendment to which they apply.

Mr. PATMAN. Mr. Chairman, I object to any unanimous-consent request not in conformance with the rules of the House.

Mr. GORE. Mr. Chairman, I withdraw the latter part of my request and ask unanimous consent that the reading of the amendment be dispensed with.

The CHAIRMAN. The gentleman from Tennessee asks unanimous consent that the reading of the amendment offered by him be dispensed with. Is there objection?

Mr. WOLCOTT. Reserving the right to object, Mr. Chairman, as I understand, this amendment is the language contained in the bill, H. R. 6086, introduced by the gentleman from Tennessee the day before yesterday. Several Members have expressed to me an interest in the bill. They have not had time to read it. It presents an entirely different philosophy of price control than that found in the bill reported by the committee. Although I have no desire to delay the proceedings, I think that for the present moment I must insist that the amendment be read.

Mr. LEWIS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. LEWIS. Is this the appropriate time to move that the time allotted to the gentleman from Tennessee [Mr. GORE] on his amendment be extended beyond the 5 minutes allowed him under the rule?

The CHAIRMAN. This is not the proper time, under the rules of the House. There must be some debate on the amendment before a motion is in order to limit debate.

Mr. WILLIAM T. PHEIFFER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WILLIAM T. PHEIFFER. I have an amendment to offer to the section of H. R. 5990 which has been read. As I understand, full opportunity will be provided for offering that amendment following the consideration of the Gore amendment, if I am recognized at that time.

The CHAIRMAN. It may be helpful if the Chair at this point invites attention to page 6 of Cannon's Procedure in the House of Representatives, where there appears a diagram showing the order of consideration of amendments and substitute amendments. An amendment may be offered and a substitute may be offered. An amendment to the amendment may be offered and an amendment to the substitute may be offered.

Mr. WILLIAM T. PHEIFFER. The Chair has satisfactorily answered my inquiry.

Mr. BLAND. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BLAND. When the first section of the substitute has been read and is open for amendment, suppose the amendment prevails, is it then in order to move to strike out the remainder of the reported bill and offer the other measure, or does it come up for consideration section by section?

The CHAIRMAN. The entire amendment, as offered by the gentleman from Tennessee [Mr. GORE], will have to be reported, and then it is open to amendment.

Mr. BLAND. Suppose it prevails, what is done with the rest of the bill?

The CHAIRMAN. The rest of the bill would have to be read and the succeeding sections stricken out.

The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. GORE: Page 3, line 18, strike out all of section 1 and insert in lieu thereof the following as a substitute for the bill:

TITLE I—SHORT TITLE, PURPOSES OF ACT, DEFINITIONS, AND OFFICE OF INFLATION CONTROL

SHORT TITLE

SECTION 1. This act may be cited as the Emergency Inflation Control Act.

PURPOSES OF ACT

SEC. 2. It is hereby declared that it is in the interest of the national defense and security and the purposes of this act are (a) to preserve the value of the national currency against the consequences of price and credit inflation; (b) to stabilize prices, wages, rents, and salaries and to prevent speculative, unwarranted, and abnormal increases therein; (c) to prevent economic disturbances, labor disputes, burdens upon interstate and foreign commerce, interference with the effective use of the Nation's resources for defense, and impairment of national unity and morale, which would result from unwarranted increases in prices, wages, rents, salaries, and the cost of living; (d) to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities caused by or contributing to the national emergency; (e) to prevent prospects of increases in prices, rents, wages, and salaries from encouraging the accumulation and withholding of materials needed for national defense, and from impeding long-term commitments for production; (f) to assure that defense appropriations are not dissipated by excessive prices, wages, and salaries; (g) to obtain the maximum necessary production without undue profits to low-cost producers; (h) to protect persons with relatively fixed incomes, investors, and persons dependent on life insurance, annuities, and pensions, from undue impairment of their standard of living; (i) to prevent a post-emergency collapse of values, and the reappearance of price and cost disparities for farmers and other primary producers; and (k) to provide procedures for administration and review which will fairly protect the interests of those subject to this act, without endangering the dominant public interest in the accomplishment of the foregoing purposes.

DEFINITIONS

SEC. 3. For the purposes of this act—

(a) "Person" means an individual, partnership, association, corporation, business trust, or any organized group of persons, or

any receiver, trustee, or other legal representative of any of the foregoing, and includes the United States, any State or political subdivision thereof, or any Territory, District, or possession of the United States.

(b) "Article" means any article, product, material, or commodity.

(c) "Services" means any service, operation, or function performed otherwise than as an employee by a person (other than a State or political subdivision thereof) for any other person for compensation.

(d) "Labor" means any function performed by an individual as an employee of a person other than a State or political subdivision thereof.

(e) An article shall be deemed the "same" article as another article if it is identical in every respect with such other article.

(f) An article shall be deemed "similar" to another article if it is not the same article but is an article of the same kind and of the same or substantially the same quality as such other article.

(g) An article shall be deemed a "new" article if neither the same article nor a similar article was sold at wholesale during the base period.

(h) Services shall be deemed the "same" services as other services if they consist of the same or substantially the same operations or functions as such other services.

(i) Services shall be deemed "new" services if the same services were not performed during the base period.

(j) Labor shall be deemed the "same" labor as other labor if it consists of the same or substantially the same functions and duties as such other labor.

(k) Labor shall be deemed "new" labor if the same labor was not performed during the base period.

(l) "Dwelling accommodations" means living quarters rented or leased for the residence of one or more people.

(m) "Sale" means any disposition, exchange, lease, or other transfer, or any contract to do any of the foregoing, and "sell," "selling," "seller," "buy," and "buyer," shall be construed accordingly.

(n) "Sale at wholesale" of an article means (1) any sale of such article for resale by the buyer, or (2) in the case of a sale by the manufacturer, producer, or importer of such article for consumption or use by the buyer, such sale by the manufacturer, producer, or importer; except that wherever specific reference is made to a "sale at wholesale of an agricultural commodity", such sale shall be deemed to refer only to a sale of such commodity by the farmer who produced such commodity.

(o) "Price" means the consideration received or receivable in connection with the sale of an article or for the performance of services.

(p) "Wage" means the rate of consideration received or receivable for the performance of labor, whether in the form of wages, salary, or any other form.

(q) "Rent" means (1) the consideration received or receivable for the lease of dwelling accommodations, or (2) the making of a lease contract for dwelling accommodations.

(r) "Ceiling" means the maximum price for which an article may be sold or which may be received for the performance of services, or the maximum wage which may be paid for labor, or the maximum rent for dwelling accommodations.

(s) "Agricultural commodity" includes only an agricultural commodity in the form in which it is customarily marketed by farmers.

(t) "Base period" means the period November 24, 1941, to November 29, 1941, both inclusive.

(u) "Comparable" means substantially the same real, utility, and neighborhood value.

(v) "Administrator" means the Administrator of the Office of Inflation Control created by section 4 of this act.

ADMINISTRATOR OF OFFICE OF INFLATION CONTROL

SEC. 4. (a) There is hereby created in the Executive Office of the President an Office of Inflation Control, which shall be under the direction of an Administrator, to be known as the Administrator of the Office of Inflation Control (in this act referred to as the "Administrator"). The Administrator shall be appointed by the President, by and with the advice and consent of the Senate, and receive compensation at the rate of \$10,000 a year.

(b) The Administrator may establish and utilize such advisory, regional, local, industry, or other groups or agencies, and utilize such voluntary and uncompensated service, as may from time to time be needed. The Administrator shall give due consideration to the recommendations of such groups, committees, or other agencies appointed under this section, and he shall utilize, insofar as practicable, local agencies to the end that compliance with the act may be effectuated.

(c) The Administrator may, subject to the civil-service laws, appoint such employees as he deems necessary in order to carry out his functions and duties under this act, and shall fix their compensation in accordance with the Classification Act of 1923, as amended. Attorneys appointed under this section may appear for and represent the Administrator in any case in any court. In the appointment, selection, classification, and promotion of officers and employees of the Office of Inflation Control no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency.

(d) The principal office of the Administrator shall be in the District of Columbia, but he or his duly authorized representative may exercise any or all of his powers in any place.

(e) The Administrator shall submit to Congress a quarterly report covering his activities for the preceding quarter and including such information and data, and recommendations with respect to matters covered by this act, as he may find advisable.

TITLE II. PRICE, RENT, AND WAGE CEILINGS

PROHIBITED ACTS

SEC. 201. (a) It shall be unlawful, regardless of any contract, agreement, or other obligation, for any person knowingly to sell or deliver, or to buy or accept delivery of, any article at a price in excess of the ceiling applicable to such sale.

(b) It shall be unlawful, regardless of any contract, agreement, or other obligation, for any person knowingly to receive or pay, or to enter into any contract, agreement, or other obligation under which he is entitled or required, or under which he purports to be entitled or required, to receive or pay for the performance of any services a price in excess of the ceiling applicable to such services.

(c) It shall be unlawful, regardless of any contract, agreement, or other obligation, for any person knowingly to pay for any labor a wage in excess of the ceiling applicable in respect of such labor.

(d) It shall be unlawful, regardless of any contract, agreement, or other obligation, for any person knowingly to pay or receive for dwelling accommodations, or enter into contract to pay or by which he is entitled to receive for dwelling accommodations, rent in excess of the ceiling applicable to such rent for such dwelling accommodations.

CEILINGS APPLICABLE TO SALES OF ARTICLES

SEC. 202. (a) Except as provided in subsections (b) and (c) and section 206, the ceiling applicable to the sale of an article by any person shall be—

(1) in case the sale is at wholesale and the article is the same article as an article sold at wholesale by such person during the base period, the lowest price at which it was so sold by such person during the base period;

(2) in case the sale is at wholesale and the article is not the same article as an article sold at wholesale by such person during the base period, but is similar to an article so sold by such person during the base period, the lowest price at which such similar article was so sold by such person during the base period;

(3) in case the sale is at wholesale and the article is not the same article as, nor an article similar to, an article sold at wholesale by such person during the base period, the lowest price at which the same article was regularly so sold by any other person during the base period, or if the same article was not regularly so sold by any other person during the base period, the lowest price at which a similar article was regularly so sold by any other person during the base period;

(4) in the case of any article to the sale of which paragraph (1), (2), or (3) is applicable, such ceiling as the Administrator may prescribe pursuant to section 207. Any such ceiling so prescribed shall be in lieu of the ceiling applicable under such paragraph; and

(5) in the case of a new article, and in the case of any article to the sale of which paragraph (1), (2), (3), or (4) is not applicable, such ceiling as the Administrator may prescribe pursuant to section 207.

(b) Wherever reference is made in subsection (a) to the lowest price at which the same article or a similar article was sold during the base period, such price shall in no event be deemed to exceed the ceiling or maximum price, if any, in effect with respect to such same article or similar article under any regulation or order of the Administrator of the Office of Price Administration and Civilian Supply.

(c) The ceiling applicable to the sale at wholesale of an agricultural commodity shall in no case be less than the parity price therefor, as determined and published by the Secretary of Agriculture in accordance with other provisions of law.

CEILINGS APPLICABLE TO SERVICES

SEC. 203. (a) Except as provided in subsection (b) and section 206, the ceiling applicable to services performed by any person shall be—

(1) in case such services are the same services as services performed by such person during the base period, the lowest price for which such services were so performed by such person during the base period;

(2) in case such services are not the same services as services performed by such person during the base period (or in case such person did not perform any services during the base period), the lowest price for which the same services were regularly performed by any other person within the same county or parish, or within the same State if there be no such other person within the same county or parish, during the base period;

(3) in the case of any services to which paragraph (1) or (2) is applicable, such ceiling as the Administrator may prescribe pursuant to section 207. The ceiling so prescribed shall be in lieu of the ceiling applicable to such services under such paragraph; and

(4) in the case of new services and in the case of services to which paragraph (1), (2), or (3) is not applicable, such ceiling as the Administrator may prescribe pursuant to section 207.

(b) Wherever reference is made in subsection (2) to the lowest price for which services were performed during the base period, such price shall in no case be deemed to exceed the ceiling or maximum price, if any, in effect with respect to such services under any regulation or order of the Administrator of the Office of Price Administration and Civilian Supply.

CEILINGS APPLICABLE TO WAGES AND SALARIES

SEC. 204. (a) Except as provided in subsection (b) and section 206, the ceiling applicable in respect of labor performed by an individual shall be—

(1) in case such labor is the same labor as labor performed, whether or not by him, for his employer during the base period, the highest wage paid by his employer during the base period, at the place of employment where such individual is employed, for the same labor to an employee with the same seniority rights and length of service;

(2) in case the same labor was not performed either by him or any other employee, for his employer during the base period, at the place of employment where such individual is employed, the highest wage paid for the same labor by any other employer within the same county or parish, or within the same State, if there be no such other employer within the same county or parish, during the base period to an employee with the same seniority rights and length of service;

(3) in the case of any labor in respect of which paragraph (1) or (2) is applicable, such ceiling as the Administrator may prescribe pursuant to section 207. Any such ceiling so prescribed shall be in lieu of the ceiling applicable in respect of such labor under such paragraph; and

(4) in case such labor is new labor, and in the case of labor to which paragraph (1), (2), or (3) is not applicable, such ceiling as the Administrator may prescribe pursuant to section 207.

(b) The ceiling applicable in respect of any labor shall in no case be less than the minimum compensation prescribed therefor in or pursuant to any law of the United States, or of any State or political subdivision thereof, or of any Territory, District, or possession of the United States.

CEILINGS APPLICABLE TO THE RENT FOR DWELLING ACCOMMODATIONS

SEC. 205. (a) Except as provided in subsection (b) and section 207, the ceiling applicable to the rent for dwelling accommodations by any person shall be—

(1) in case the dwelling accommodations are the same dwelling accommodations as the dwelling accommodations rented or offered for rent by such person during the base period, the lowest rent charged by such person for such dwelling accommodations during the base period;

(2) in case the dwelling accommodations are not the same dwelling accommodations as dwelling accommodations rented or offered for rent by such person during the base period, but are comparable dwelling accommodations to dwelling accommodations rented or offered for rent by such person during the base period, the lowest rent for which such comparable dwelling accommodations were so rented or offered for rent by such person during the base period;

(3) in case the dwelling accommodations are not the same dwelling accommodations, nor dwelling accommodations similar to dwelling accommodations rented or offered for rent by such person during the base period, the lowest rent for which the same or comparable dwelling facilities were rented during the base period by any other person within the same municipality;

(4) in the case of dwelling accommodations to the rent of which paragraph (1), (2), or (3) is applicable, such ceiling as the Administrator may prescribe pursuant to section 207. Any such ceiling so prescribed shall be in lieu of the ceiling applicable under such paragraph; and

(5) in the case of dwelling accommodations to the rent of which paragraph (1), (2), or (3) is not applicable, such ceiling as the Administrator may prescribe pursuant to section 207.

(b) Paragraph (1), (2), and (3) of subsection (a) shall in no case apply to the rent of

dwelling accommodations in rural areas or in municipalities having a population of fewer than 10,000 people according to the Federal census of 1940.

EXEMPTIONS

SEC. 206. (a) The Administrator may by regulation or order exempt from the provisions of sections 202, 203, 204, and 205 articles, services, labor, and dwelling accommodations, with respect to which he makes a finding of fact that—

(1) such exemption is necessary to promote the national defense; and

(2) it is unnecessary that ceilings be applicable to such articles, services, labor, or dwelling accommodations in order to preserve the Nation's price structure and to prevent a rise in the cost of living.

(b) No ceiling shall in any case be applicable to any labor performed for a person who regularly employs less than eight individuals.

POWERS OF ADMINISTRATOR WITH RESPECT TO CEILINGS

SEC. 207. (a) Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this act, he shall by regulation or order establish such ceiling or ceilings as in his judgment will be generally fair and equitable to buyers and sellers of the article or articles in question, or to the person or persons performing the services in question and the person or persons for whom they are performed, or to the employees and employer or employers in question, or to the lessor and lessee of dwelling accommodations, as the case may be, and will effectuate the purposes of this act. So far as practicable, in establishing a ceiling for any specified article, services, dwelling accommodations, or labor, the Administrator shall ascertain and give due consideration to the prices prevailing for such article or services, or the wages prevailing for such labor, or the rent prevailing for such dwelling accommodations, as the case may be, during the base period, and shall make adjustments for such relevant factors as he may determine to be of general applicability in respect of such article, services, rents, or wages, including the following: Speculative fluctuations, general increases or decreases in costs of transportation, general increase or decrease in cost of maintenance and operation, general increases or decreases in costs of living, and general increases or decreases in profits earned by sellers of the article, persons performing such services, employers for whom such labor is performed, and lessors of such dwelling accommodations during and subsequent to the year ending October 12, 1941. Every regulation or order establishing any ceiling under this subsection shall be accompanied by a statement of the considerations involved in the issuance of such regulation or order.

(b) Any ceiling or ceilings may be established under this section in such form and manner, may contain such classifications and differentiations, and may provide for such adjustments, as in the judgment of the Administrator are necessary or proper in order to effectuate the purposes of this act. Any such ceiling may be established in terms of price, wages, margins, commissions, fees, charges, allowances, or other terms. Except as provided in section 202 (c) (relating to agricultural commodities) the Administrator may establish a ceiling or ceilings under this section with respect to articles, services, dwelling accommodations below the general market price for the article or articles or services, or the rent for the dwelling accommodations, in effect at the time of the establishment of such ceiling or ceilings.

(c) The Administrator shall exercise his powers under subsections (a) and (b) with respect to articles derived in whole or in substantial part from agricultural commodities,

in such manner as to support prices to farmers for such agricultural commodities at such levels as may be necessary to enable farmers to receive therefor average year-around prices not less than parity.

POWERS OF ADMINISTRATOR WITH RESPECT TO MARKET PRACTICES

SEC. 208. Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this act, he may, by regulation or order, regulate or prohibit, with respect to any article, speculative or manipulative practices, selling, marketing, or inventory practices (including practices relating to changes in form or quality), hoarding, or other practices which in his judgment are equivalent to or are likely to result in price increases inconsistent with the purposes of this act.

PROCEDURE

SEC. 209. (a) Regulations or orders establishing any ceiling or ceilings may be issued after such inquiry as the Administrator deems necessary or proper. Within a period of 60 days after the issuance of any such regulation or order any person subject to the provisions thereof may, in accordance with regulations to be prescribed by the Administrator, file a protest specifically setting forth objections to such regulation or order and affidavits or other written evidence in support of such objections. At any time after the expiration of such 60 days any person subject to the provisions of such regulation or order may file such a protest based solely on grounds arising after the expiration of such 60 days. Within a reasonable time after the filing of any protest under this subsection, but in no event more than 30 days after such filing or 90 days after the issuance of the regulation or order in respect of which the protest is filed, whichever occurs later, the Administrator shall either grant or deny such protest in whole or in part, notice such protest for hearing, or provided an opportunity to present further evidence in connection therewith.

(b) In any proceedings under this act the Administrator may take official notice of economic and other facts, including facts found by him as a result of action taken under section 212, and may limit such proceedings to the filing of affidavits or other written evidence, or the filing of briefs.

REVIEW

SEC. 210. (a) Any protestant who is aggrieved by the denial or partial denial of his protest, may, within 30 days after such denial, file a complaint with the emergency court of appeals, created pursuant to subsection (c), praying that the regulation or order protested be set aside in whole or in part. A copy of such complaint shall forthwith be served on the Administrator who shall certify and file with such court a transcript of the proceedings in connection with the protest which shall include a statement of the materials of which the Administrator has taken official notice. Upon the filing of such transcript the court shall have exclusive jurisdiction to affirm or set aside such regulation or order, in whole or in part, or to remand the proceeding, except that the regulation or order may be modified or rescinded by the Administrator at any time notwithstanding the pendency of such complaint. No objection to any regulation or order, and no evidence in support of any objection thereto, shall be considered by the court, unless such objection shall have been set forth by complainant in the protest or such evidence shall be contained in the transcript. If application is made to the court by either party for leave to introduce additional evidence which was either offered to the Administrator and not admitted, or which could not reasonably have been offered to the Administrator, and the court determines that such evidence is material, the court shall order the evidence to be presented to the Administrator.

The Administrator shall promptly receive the same, and such other evidence as he deems necessary or proper, and thereupon he shall certify and file with the court a transcript thereof, and any modification made in the regulation or order as a result thereof, except that on request by the Administrator, any such additional evidence may be presented directly to the court.

(b) No such regulation or order shall be set aside, in whole or in part, unless the complainant establishes to the satisfaction of the court that the regulation or order is not in accordance with law or is arbitrary or capricious. The effectiveness of a judgment of the court setting aside in whole or in part any such regulation or order shall be postponed until the expiration of 30 days from the entry thereof, except that if a petition for a writ of certiorari is filed with the Supreme Court under subsection (d) within such 30 days, the effectiveness of such judgment shall be postponed until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the case by the Supreme Court.

(c) There is hereby created a court of the United States to be known as the emergency court of appeals, which shall consist of three or more judges to be designated by the Chief Justice of the United States from judges of United States district courts and courts of appeals. The Chief Justice of the United States shall designate one of such judges as chief judge of the emergency court of appeals, and may, from time to time, designate additional judges for such court and revoke previous designations. The chief judge may, from time to time, divide the court into divisions of three or more members, and any such division may render judgment as the judgment of the court. The court shall have the powers of a district court with respect to the jurisdiction conferred on it by this act, except that it shall exercise its powers and prescribe rules governing its procedure in such manner as to expedite the determination of cases of which it has jurisdiction under this act. The court shall have a seal, hold sessions at such places as it may specify, and appoint a clerk and such other employees as it deems necessary or proper.

(d) Within 30 days after entry of a judgment, interlocutory or final, by the emergency court of appeals a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment shall be subject to review by the Supreme Court in the same manner as a judgment of a circuit court of appeals as provided in section 240 of the Judicial Code, as amended (U. S. C., 1934 ed., title 28, sec. 347). The Supreme Court shall expedite the disposition of all causes filed therein pursuant to this subsection. The emergency court of appeals, and the Supreme Court upon review of judgments of the emergency court of appeals, shall have exclusive jurisdiction to determine the validity of any ceiling under this act and of the provisions of this act authorizing any regulation or order establishing any ceiling. Except as provided in this section, no court—Federal, State, or territorial—shall have power to consider such validity, or to stay, restrain, enjoin, or set aside, in whole or in part, any such provision of this act, or any provision of any such regulation or order.

OBTAINING INFORMATION

SEC. 211. (a) The Administrator may make such studies and investigations, and obtain or require the furnishing of such information under oath or affirmation or otherwise, as he deems necessary or proper to assist him in prescribing any regulation or order under this act, and in the administration and enforcement of this act, and regulations and orders thereunder. For such purposes the Administrator may administer oaths and affirmations, may require by subpoena or

otherwise the attendance and testimony of witnesses and the production of documents at any designated place, may require persons to permit the inspection and copying of documents, and the inspection of inventories, and may, by regulation or order, require the making and keeping of records and other documents and the making of reports. No person shall be excused from complying with any requirement under this section because of his privilege against self-incrimination, but the immunity provisions of the Compulsory Testimony Act of February 11, 1893 (U. S. C., 1934 ed., title 49, sec. 46), shall apply with respect to any individual who specifically claims such privilege.

(b) The Administrator shall not publish or disclose any information obtained under this act that he deems confidential unless he determines that the withholding thereof is contrary to the interest of the national defense and security.

REGULATIONS AND ORDERS

SEC. 212. The Administrator may, from time to time, issue such regulations and orders as he may deem necessary or proper in order to carry out the purposes and provisions of this act, and to prevent the circumvention or evasion thereof. Any regulation or order issued under this act may be amended or rescinded by the Administrator whenever in his opinion such action is necessary or proper in order to carry out the provisions of this act or to prevent the circumvention or evasion thereof.

ENFORCEMENT

SEC. 213. (a) Whenever in the judgment of the Administrator any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of this act, or any regulation, order, or requirement thereunder, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with this act or such regulation, order, or requirement, and upon a proper showing a permanent or temporary injunction, restraining order, or other order shall be granted without bond. In cases of actual controversy, a like application may be made by any interested person, and upon a proper showing a like order or decree shall be granted.

(b) Any person who willfully violates any provision of this act or any regulation, order, or requirement thereunder, and any person who willfully falsifies in any material respect a document or report required to be kept or filed thereunder, shall, upon conviction thereof, be fined not more than \$5,000, or imprisoned for not more than 1 year, or both. Whenever the Administrator has reason to believe that any person is liable to punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

(c) The district courts shall have jurisdiction of violations of this act and of regulations, orders, or requirements thereunder, and concurrently with State and Territorial courts, of all civil proceedings to enforce any liability or duty created by, or to enjoin any violation of, this act or any regulation, order, or requirement thereunder. Such civil proceedings and any criminal proceedings may be brought in any district in which any act or transaction constituting the violation occurred. Any such civil proceedings may also be brought in the district in which the defendant resides or transacts business, and process in such cases may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found. No costs shall be assessed against the United States Government in any proceeding under this act.

(d) No person shall be held liable for damages or penalties in any Federal, State, or Territorial court, on any grounds for or in respect of anything done or omitted to be

done in good faith pursuant to any provision of this act or any regulation, order, or requirement thereunder, notwithstanding that subsequently such provision, regulation, order, or requirement may be modified, rescinded, or determined to be invalid. The Administrator may intervene in any suit or action wherein a party relies for ground of relief or defense upon this act or any regulation, order, or requirement thereunder.

TITLE III—APPROPRIATIONS, SEPARABILITY, EFFECTIVE DATE, AND TERMINATION DATE

APPROPRIATIONS AUTHORIZED

SEC. 301. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this act.

SEPARABILITY

SEC. 302. If any provision of this act or the application thereof to any person or circumstances is held invalid, the remainder of the act and the application of such provision to other persons and circumstances shall not be affected thereby.

EFFECTIVE DATE

SEC. 303. This act shall become effective on day following the day on which it is enacted, except that title III shall be effective with respect to all defense contracts completed within taxable years beginning after December 31, 1940.

TERMINATION DATE

SEC. 304. This act shall cease to be in effect after June 30, 1943.

Mr. ROBINSON of Utah (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent that the further reading of the amendment be dispensed with.

Mr. WOLCOTT. I object, Mr. Chairman.

(The Clerk resumed and concluded the reading of the amendment.)

Mr. GORE. Mr. Chairman—

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. GORE. I yield.

Mr. PACE. Mr. Chairman, I ask unanimous consent that the time of the gentleman from Tennessee be extended 10 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

Mr. STEAGALL. Mr. Chairman, since the request has been made, and, of course, I do not object, but I rise for the purpose of suggesting that it would be entirely agreeable if the gentleman from Tennessee so desires to arrange for longer debate than will be allowed under the rule, although I have no desire to urge this.

Mr. MARTIN J. KENNEDY. Mr. Chairman, a parliamentary inquiry.

Mr. GORE. Mr. Chairman, is this coming out of my time?

The CHAIRMAN. It comes out of the gentleman's time.

Mr. GORE. Then I must decline to yield.

The CHAIRMAN. The gentleman from Tennessee is recognized for 15 minutes.

Mr. GORE. Mr. Chairman, we are faced with two unwelcome alternatives. It is an unpleasant choice between these two alternatives. They are, one, to risk a wild inflation with all its disastrous consequences or, two, to institute controls sufficient to combat that danger.

It does no good to say that the rise in farm prices has not caused inflation or

to say that wage increases have no bearing on inflation or to say that any element of our economy, whether it be wages, prices, profits, rents, commission, fees, or whatever the element might be, and to say that it is the one guilty culprit. Nobody has said that, and it would do no good to say it. We know that they all contribute.

All of us know that this threat of inflation arises out of our national-defense program itself. In order to have more tanks we must produce fewer automobiles. More and more of our normal civilian productive capacity must be converted to the production of implements of war. That we may have more aluminum for airplanes we must use less in consumer goods. Because we have to have more war machines we can make fewer washing machines. Thus it is that the operations of the law of supply and demand, which in normal times regulates production, is thrown completely askew because, as we thus curtail, and drastically curtail consumer goods, we are greatly adding to purchasing power, which makes up the demand by our unprecedented expenditures. Daily new factories are completed, tooled up, and filled with employees. More and more people have more money in their pockets, yet we are having fewer and fewer, of the durable or consumer goods which people with money in their pockets want to buy.

To risk the danger of runaway inflation is to take a reckless chance of wrecking our whole economy, a reckless chance of impeding national defense, a reckless chance of bringing suffering, deprivation, and want to millions and millions of people in our Nation who use the greater part of their meager income to purchase the necessities of life—food, clothing, and shelter.

Let us turn to the alternative to risking a runaway inflation—the institution of controls which will be necessary. And, mind you, we must substitute the workings of the law of supply and demand with regulation and control if we are to attain the ends of national defense with efficiency and certainty. There is no alternative, because the workings of supply and demand cannot operate normally, and therefore we must consider what kind of controls it is necessary to institute.

If I did not entertain a deep and abiding conviction that it is necessary to inaugurate drastic controls in order to be effective, and that a weak-kneed, piecemeal, half-hearted bill might bring about, well might bring about, more inequities, more disparities, more dislocation, and more suffering than we already unfortunately have with us, I would not be here offering a substitute for a bill which embodies the deliberate judgment of the majority of the great committee on which I have the privilege of serving.

The over-all plan and the selective plan have been presented here for the last 2 days, the two conflicting schools of thought as to the method of price control. The over-all plan I readily admit is not a perfect approach. I do not contend that the proposal which I now submit is a perfect bill, not at all; but I am laboring

under a deep conviction that it is, in comparison with the committee bill, a fairer, a more fundamental approach to the problem. Of course, as is true of the committee bill, as is true of any bill so wide in scope as to affect the economy of an entire nation, this proposal can be subjected to criticism. The chaff of any proposal can be fanned into a straw stack if you use a magnifying glass, but I hope that the strategy of confusion will not be so successful as to becloud the principles and the issues between the over-all and the selective methods of approach. By the selective method, by the committee bill, no ceiling is placed on any price. Authority is conferred upon the Administrator to select prices. Whatever commodity he wants, whatever commodity he thinks should be selected, subject to the restrictions in the bill, he would select, and, with a statement of fact, publicize a regulation that a ceiling had been placed upon the price of that commodity by administrative decree. Nowhere would there be an attempt made to control the general price level, and, mind you, the cost of living runs along with the general price level. By the over-all method we attempt to place a general ceiling by law upon the price of all commodities, and from that point allow the Administrator to make adjustments up or down as necessity might require. There you would call a halt to the rise in general prices. It should be remembered that inflation does not come about because of a rise in the price of a few selected commodities. Inflation is the product of a general price runaway, and if we are to prevent inflation, we must somewhere, somehow, call a halt to general price rises.

The history of every nation which has tried it shows that the selective method does not halt the general price level rise. That has proved true in our own Nation in the last war, and so far in this war. It has proved to be true in Great Britain in two wars. Canada has already discarded the selective method and adopted the over-all. Every nation which has tried it has demonstrated that the selective method is wholly ineffective. To try to halt general price levels by placing a ceiling on selective commodities is like trying to impound the water of a stream by building a dam only halfway across it.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. GORE. Yes.

Mr. REED of New York. And in all these cases to which the gentleman refers, they have even gone so far as to put on drastic penalties, even to fine and imprisonment and in some cases death, if you go back in history far enough, and yet it did not stop it.

Mr. GORE. You cannot outlaw the inevitable. I contend that you cannot place a ceiling on a commodity at a price of \$20, and hold it there, and let the cost go to \$25. I do not think you have to be an economist to know that. To try to do that reminds me of a boy who broke his leg trying to spell "Tommy" without a "T."

By the over-all ceiling we effectively call a halt to a general price level, and I believe it is administratively more feasible because of several reasons. For

one, by the selective method, on whom do you place the burden of proof that a ceiling should be applied? You place it upon the Government, and when you go out and place a ceiling upon the product of one man, or of one industry, how does he feel? He feels that he has been discriminated against, and therefore he will try to get around it if he can. By the over-all method we place the burden of proof on the man who wants an adjustment. We call a halt, and from that date we begin to make adjustments.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. GORE. No; excuse me, please. A great point has been made as to the date when we should start. My daddy used to tell me, "Son, always start from where you are at," and I propose that the ceiling be applied this week. Of course, inequities will exist, disparities will be shown, but the longer you wait, the worse they will be. The demands upon our economy are uneven, and the longer we wait to institute an over-all control, an effective control, the worse our situation will be.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. WILLIAMS. Mr. Chairman, I ask unanimous consent that the gentleman be allowed to proceed for 5 additional minutes.

Mr. MICHENER. Mr. Chairman, reserving the right to object, I ask unanimous consent that the gentleman have 10 additional minutes.

Mr. GORE. Five minutes will be sufficient, I think.

The CHAIRMAN. The gentleman from Missouri asks unanimous consent that the gentleman from Tennessee may proceed for 5 additional minutes. Is there objection?

There was no objection.

Mr. COLE of Maryland. Mr. Chairman, will the gentleman yield?

Mr. GORE. I yield.

Mr. COLE of Maryland. The gentleman at the outset stated that there were two very definite alternatives—one, wild inflation, or second, legislation?

Mr. GORE. Yes, sir.

Mr. COLE of Maryland. I think those of us who are opposed to wild inflation subscribe whole-heartedly to the indictment the gentleman has written as to that alternative. I am wondering, if the proposal which the gentleman presents is voted down, if he feels that the other alternative which you have so severely indicted is better for the country than the proposal which the committee presents to us.

Mr. GORE. I stated at the outset that I entertained a deep conviction that a half-way measure might magnify, a half-way measure might increase the inequities, might only urge on the inflationary spiral, and I will be very glad to explain to the gentleman why I think so. When you once place a ceiling upon one commodity, the pressure is immediately transferred to a substitute, to an allied commodity on which there is no ceiling. Then the speculator comes out and he starts hoarding and cornering the market, and the inflationary psychology is encouraged. The gentleman knows that the psychological element in inflation is one of the great component parts of the spiral.

It is encouraged and augmented as people get into their heads the idea that things are going up next week or next month; and a piecemeal approach, in my opinion, augments and increases the inflationary psychology.

There are more reasons than that I think the committee bill would invite inflation. I think it would encourage prices to rise to the restricted levels, and before those prices get to the restricted levels on agriculture, other prices would be coming up and the parity formula would be changed. The race would be on. The farmer would be trying to catch up with labor and industry, labor trying to catch up with the cost of living, prices rising. We would all catch up with one another over the precipice in the greatest pit and abyss of depression that this country has ever seen.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. GORE. I hope the gentleman will excuse me. My time is limited, and I do not want to ask for additional time.

This reminds me of the fellow who has been told by his doctor that unless he has all of his teeth pulled it will wreck his system. But what does he do? He decides he will go along and risk the wrecking of his system, and finally he goes about and looks for another doctor. Mind you, inflation is economic high blood pressure which, unless checked, will eventually wreck our entire system, and it does no good, as committee members have done, to acknowledge that we face a tremendous task, and then say it is too hard to handle. That is defeatism. That indicts the potency of Congress. It is like the child who, when told that he has to take medicine, gets under the table and cries, "It tastes too bad." We must be men. We have conscripted young men all over this country and taken them into the Army, and they are today in South America, in Iceland, in Shanghai, and on the high seas, where the Germans are shooting at us, and we are shooting at them. Call it war? It is a question of definition.

Somebody yesterday wanted to look into the whites of somebody's eyes. I want to look into the whites of the eyes of the man who is willing to vote to take young men into the Army and then vote to keep them there another year and a half, and then is unwilling to vote to require some uniformity of sacrifice from the other groups, rather than go on as we are going now, letting every group seek selfish ends and make a profit out of national defense.

[Here the gavel fell.]

IN OPPOSITION TO THE GORE AMENDMENT

Mr. PATMAN. Mr. Chairman, I rise in opposition to the amendment and I ask unanimous consent that I may proceed for 10 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Chairman, I ask that I be not interrupted until I have finished my statement.

The CHAIRMAN. The gentleman declines to yield.

Mr. PATMAN. I agree with what the gentleman from Tennessee [Mr. GORE]

has said about ruinous inflation. It is a question of the best method to use in stopping inflation.

I hate this kind of a bill. Under ordinary circumstances I would not vote for any such proposal, but the emergency necessitates a proposal that will prevent ruinous inflation. This is in effect very much of an economic dictatorship. I concede that. It is only justified in times of great emergency. When we talk about dealing with prices we talk about fixing the prices on 1,800,000 different commodities. Whenever you talk about fixing the wage scale you are talking about fixing the wage level of 3,000,000 different wage scales. So when you talk about a bill that covers all, you talk about establishing someone in authority who can control approximately 5,000,000 different items and wage scales. Can you conceive of any board or group being set up in a reasonable length of time that could intelligently and properly pass upon such big questions and such a large number of questions as would be involved? The N. R. A. would be nothing compared to this proposal.

The committee bill is a well-considered bill. We spent 3 months considering the committee bill. It has not been perfected, because the committee has two amendments it desires to offer that it has agreed to recommend. If the Gore substitute were adopted, it would deprive the committee of its opportunity to perfect its bill, and the House would accept a bill which has not been considered. The logical thing to do would be to send it back to the committee and let the committee go over the administrative features and see if it is sound. Our bill has been passed upon by 25 members of the committee. The substitute has been passed on by 1 member of the committee. To show you that the gentleman from Tennessee—as sincere and enthusiastic as he is—has been changing his mind on this bill all along, on October 6 he introduced a bill, H. R. 5760, in which he said the base period to determine the price level should be October 6 to 12, 1941. Then on November 10 he introduced a bill, H. R. 5997, stating that the base period should be the calendar week within which this bill is enacted. And then on November 24 he introduced another bill, in which he said the base period should be November 24 to November 29, inclusive. And then, to show you that he has changed his mind—just his mind, because it was not considered by the committee—let us see how he dealt with strikes.

On October 6 he said in his bill that nothing in the bill should prevent an organization of workers from striking.

On November 10 he still reserved the right of workers to strike, but on November 24 the bill that he has now offered he has stricken out that provision which would allow the workers to strike. This shows that he has been changing his mind, but it is just one mind. I am not commenting on the merits or demerits of this proposal. I do not know its effect.

The committee spent night and day for weeks, sometimes on Saturdays, going over this bill, word by word, sentence by sentence, paragraph by paragraph, to

make sure that we had a sound, well-considered bill; and I feel that we have.

Now, then, to show you that the bill offered by the gentleman from Tennessee is not well considered, he stated on page 2 of his bill that one of the purposes is to obtain the maximum necessary production without undue profits to low-cost producers. In other words, he copied that part of the committee bill dealing with purposes, but he did not follow it up, as we did in the committee bill, by making provisions for the high-cost producer to be protected. There is only one way to protect the high-cost producer, and that is through buying and selling. Under that, your copper mines in the West, and your zinc mines, and your lead mines, can commence operating under the provisions of buying and selling; but the Gore bill does not have any such provision. So, insofar as that provision is concerned, the bill is sailing under false colors. A purpose is declared but no provisions in the bill are inserted to carry it out.

Permit me to invite your attention also to the fact that it is not an all-over bill. The gentleman has made a very forceful and logical argument to the effect that to control inflation you must put everything in and make it compulsory. I invite your attention to the fact, Mr. Chairman, that the largest item in our economy affecting inflation is retail prices. Our national income now is at the rate of \$92,000,000,000 a year; probably it will be the highest in history; and retail prices this year approximate \$50,000,000,000—more than half the national income. I say that the largest item, several times as big as wages, several times as big as installment buying, is not included in the Gore bill. It cannot, therefore, be an over-all bill; it is not.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the majority leader.

Mr. McCORMACK. Has the gentleman any opinion as to how many employees will be required to enforce the Gore bill?

Mr. PATMAN. Judging by Canada, the number of people Canada has working on this thing now—and they have not got it started yet—comparing our country with Canada in the matter of population and industrial production and the number of employees compared to Canada, it would take a million men and women in this country, all over the Nation, to enforce this bill if you want to put it into effect.

Mr. COX. Mr. Chairman, has the gentleman reached the point in his discussion where he is willing to yield for questions?

Mr. PATMAN. I have not. If the gentleman will bear with me, I would like to proceed. I have just got started.

Do not forget that retail prices are not included in the compulsory provisions of the Gore bill. The biggest item in America is left out. You will notice that he defines wholesale price, but nowhere in the bill does it require the placing of retail prices; neither does it even contain a definition of retail prices. This is a serious defect in the bill.

Furthermore, if you freeze wages—and do not overlook this fact, Mr. Chairman—where they are today, you might just as well stop your national defense. When you build a plant somewhere in this country you expect to get the workers from some other place, because they are all employed now—I mean the skilled workers and mechanics; they are all employed. Are you going to get them to leave their homes, their firesides, their neighbors, their friends, their schools, where their children are in school to go to some defense plant to work for exactly the same wages they are receiving or have been receiving? They will not do it; you should not expect it. You might just as well stop your national defense when you freeze wages where they are, because you would not have the workers to carry on your national defense.

The point has been raised that this bill is the Baruch idea; and because of Mr. Baruch's experience he naturally demands consideration, and consideration has been given to him. But Mr. Baruch said this, Mr. Chairman, that any bill is insufficient that does not carry with it a provision for the Administrator to buy and sell.

The Gore bill does not have that provision in it. Therefore, Mr. Baruch in effect says this bill is insufficient. Mr. Baruch says that no bill is sufficient that does not include retail prices over-all.

The Gore bill does not include retail prices and, therefore, it cannot be over-all.

Mr. Baruch says that no bill is sufficient that does not carry the licensing provision in it. The Gore bill does not carry the licensing provision in it. There are the three main essentials laid down by Mr. Baruch that are not contained in the substitute bill.

The question is should we put everything under it. Do you want to fix a price on diamonds? Do you want to fix a price on luxuries? No; we want to encourage people to spend money on something that does not come in competition with national-defense items, if they must spend their money. That is one of the objects of the selective bill, but under the substitute you would discourage prices on luxuries going up the same as you would anything else.

Mr. GORE said our bill was a weak-kneed bill. I do not think it is. I think it is as strong a bill as this committee can write unless you want to put wages in and involve 38,000,000 workers, with a set-up of more than a million people to administer it. That, I believe, this House will not do. Furthermore, this Gore bill only permits the farmer to receive parity prices based on 1909 to 1914. The President and the Department of Agriculture have said that was not sufficient, that at least 110 percent should be given; but if you vote for the Gore bill you vote for parity only, not 110, because that is what the bill provides.

The bill further provides for the fixing of commissions and fees for services and labor. Notice the RECORD of day before yesterday, and you will see the hundreds and thousands of different people and different trades, professions, and occupations that would have their wages fixed

under the terms of this bill. Take a bootblack charging 5 cents for a shine during the base period provided in this bill. He would have to come to Washington or get consent from the Price Administrator in Washington to increase his price to 10 cents. Talk about bureaucracy. There would not be room enough here in the District of Columbia to build hotels 20 stories high to house the people who would have to come here in connection with problems involved in an over-all bill.

Mr. COX. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Georgia.

Mr. COX. The gentleman points out that the Gore amendment is weak in that it does not contain the sell-and-buy provision and the licensing clause in the committee bill. Those two provisions were in the original committee bill, is that true?

Mr. PATMAN. That is true.

Mr. COX. The committee voted them out?

Mr. PATMAN. Not both of them.

Mr. COX. They voted out the licensing provision?

Mr. PATMAN. That is right.

Mr. COX. Now they have voted it back?

Mr. PATMAN. They voted it out by reason of a lack of understanding.

Mr. COX. By reason of pressure brought to bear?

Mr. PATMAN. Oh, no.

Mr. COX. So the committee, including the gentleman, has likewise been busy changing its mind?

Mr. PATMAN. I do not like the gentleman to state that pressure was brought to bear on me to change my mind, because it is not a correct statement.

Mr. COX. The gentleman changed his mind, did he not?

Mr. PATMAN. The gentleman means I changed my mind?

Mr. COX. Did you not vote to strike out the licensing clause?

Mr. PATMAN. No. The gentleman's information is incorrect. If all of the gentleman's information is as incorrect as that statement the gentleman does not have a leg to stand on.

Mr. COX. But you did vote to put back the licensing provision under pressure?

Mr. PATMAN. Not me.

Mr. COX. The committee did.

Mr. PATMAN. I deny that.

Mr. COX. It was demanded that you put it back and you did vote to put it back?

Mr. PATMAN. Mr. Chairman, I cannot yield all my time.

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that the gentleman may have 10 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama [Mr. STEAGALL]?

Mr. CRAWFORD. Mr. Chairman, reserving the right to object, and I am not going to object, may I inquire if they expect to cut the debate on the Gore substitute to 45 minutes or an hour, or will other Members be permitted to talk on this amendment? Can the Chairman of

the Committee give us information on that?

The CHAIRMAN. The Chair cannot control that. The gentleman might direct his inquiry to the gentleman from Alabama.

Mr. CRAWFORD. Would the chairman of the Committee on Banking and Currency care to make a statement on that?

Mr. PATMAN. Mr. Chairman, this is not coming out of my time, is it?

Mr. STEAGALL. Mr. Chairman, there is no desire to cut the time of debate down.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama [Mr. STEAGALL]?

There was no objection.

Mr. PATMAN. Mr. Chairman, a question has been asked and it is a very important one. The gentleman from Georgia [Mr. Cox] has prestige and standing in this House and he should have, because he is a man of integrity and ability. I respect his opinions. When he makes a statement I must consider that statement and answer it if I can. He asked me if the committee had pressure brought to bear to put back the licensing provision. First he stated that his information was both the buy-and-sell and licensing provisions were stricken out by the committee, which is not correct. But on a vote in the committee, through lack of understanding by the members of that committee, it eliminated the licensing provision. That is true. But the members came over here and heard the Honorable Barney Baruch, that the gentleman from Georgia had come down here, and he convinced those members that no bill is good that does not have the licensing provision in it. The committee then voted to put it back in.

Mr. COX. Was the gentleman influenced even slightly by the statement of Mr. Baruch?

Mr. PATMAN. No. I was for it anyway. I opposed striking it out in the first place.

Mr. COX. Was any other member of the committee, taking the same position the gentleman is now taking, influenced in the slightest by the Baruch view?

Mr. PATMAN. Since I have shown the gentleman that he is in error, I think that is sufficient.

Mr. COX. But the gentleman concedes that he, too, has been busy changing his mind?

Mr. PATMAN. No; I have not.

Mr. COX. The gentleman is charging the author of the Gore amendment with vacillating. The committee has been shifting, too, has it not?

Mr. PATMAN. No; the committee has not been shifting. The committee has been considering this bill. They have been making up their minds, and when they did they stayed there, except on one point—licensing—and they found out they were in error about that. Mr. Baruch doubtless helped to convince them they were in error, and they put it back in. The Gore bill does not have licensing in it.

Mr. STEAGALL. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Alabama.

Mr. STEAGALL. I call the attention of the members of the Committee to the CONGRESSIONAL RECORD under date of April 9, 1935, on page 5325. There was pending at that time a bill which passed this House with 15 votes against it, I believe the count shows. The bill was H. R. 5529, a bill designed to take the profits out of war, and so forth. The House passed it without any limitations. There was carried in that bill every provision to which objection has been lodged against the present House bill, without the limitations in the House bill—broad, unlimited powers to control the entire economic life of this Nation, with all the criminal provisions, and no restraints except any authority that the Chief Executive might see fit to set up. There is not an objection that has been lodged against this bill that did not obtain against the bill that was passed by the House at that time. My beloved friend the gentleman from Georgia [Mr. Cox] is on record as voting for that bill in time of peace. I ask the Members of the House to read the RECORD.

Mr. COX. Mr. Chairman, will the gentleman yield for a question?

Mr. PATMAN. Briefly.

Mr. COX. You did not have Leon Henderson in that case, did you?

Mr. PATMAN. The Gore bill fixes the fees of lawyers, doctors, and of ministers. It fixes bonuses. It fixes compensation. You would not be able to give your preacher a Christmas present unless you had orders from Washington. The stockholders of a corporation would not be able to give a bonus to their employees who had been so faithful and diligent and had worked so hard during the past year, regardless of the enormous profits, unless they got an order first from Washington permitting them to do it. Mr. Chairman, this bill goes too far.

Mr. GIFFORD and Mr. BARRY rose.

Mr. PATMAN. In just a moment I will yield.

In connection with the fees, let us take the case of a doctor. Suppose this week he has only charity cases and his fees are very low. Next week he has rich patients and he would like to collect up. He has to fix his fees according to the charity cases. Other doctors in that community would have to do the same thing if they were situated in a position similar to his.

These cases can be multiplied a thousand times, by a thousand different professions. This bill would not work. It would bog down. It would destroy our democratic government, because you cannot enforce such a thing involving 1,800,000 commodities and 3,000,000 wage scales.

Mr. Henderson has fixed prices by the banging-on-the-table method. I will admit that he has a commanding personality and has gotten along with business. I heard the gentleman from Georgia admit that before the Committee on Rules, that the business interests seemed to be pleased with Mr. Henderson.

Mr. COX. Since the gentleman has referred to what I said before the Committee on Rules—

Mr. PATMAN. I withdraw it, if it takes up any time.

Mr. COX. It is a case of "Step into my parlor, said the spider to the fly." In other words, he did not have the power to enforce his demands or his orders, and had to be reasonable to get anything.

Mr. PATMAN. It is strange to me that the gentleman does not want to trust Mr. Henderson with the power we are giving him, yet he is willing to give him a thousand times that much power under the Gore substitute. I cannot understand it.

Mr. GIFFORD. Now will the gentleman yield to me?

Mr. PATMAN. Not just now. I should like to yield to my friend, but I have two more points I must cover. Then I will yield.

[Here the gavel fell.]

Mr. MONRONEY. Mr. Chairman, I ask unanimous consent that the gentleman from Texas may proceed for an additional 5 minutes. He is making a very interesting discussion of this important amendment.

Mr. GIFFORD. Reserving the right to object, Mr. Chairman—

Mr. PATMAN. I will yield to the gentleman before it is over.

Mr. GIFFORD. I am going to stand on my feet until then.

Mr. PATMAN. I will motion to the gentleman.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

Mr. BOREN. Reserving the right to object, the gentleman has already proceeded for 5 minutes longer than the gentleman from Tennessee [Mr. Gore] was given to discuss this issue.

Mr. PATMAN. We will give him more time if he wants it.

Mr. MONRONEY. The gentleman from Texas has been very kind in yielding to Members on both sides of this question. I believe he is entitled to more time.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. GIFFORD. Now will the gentleman yield?

Mr. PATMAN. I will yield before I am through. I will yield to the gentleman first. That is a promise.

So Mr. Henderson has set out to keep down the cost of national defense. Mr. Henderson has saved this Government billions and billions of dollars by fixing the prices on copper and lead and zinc and steel and aluminum and other strategic and critical materials, and chemicals as well.

Did you know that the first \$60,000,000,000 that we are spending would cost us \$20,000,000,000 more were it not for the price fixing by Leon Henderson? That is an enormous amount of savings through price fixing. Their records will disclose that, but the time has come when he possibly cannot further enforce his orders and suggestions by the banging-on-the-desk methods and keep the prices down without a law passed by the Congress to support him, and that is the object of this bill, and this bill will keep down the cost of national defense. It

includes metals, it includes chemicals, it includes imports, it includes rents in defense areas, it includes everything that is vital to national defense at this time. Are you going to throw it down and pick up a bill that has never been considered by any committee of this House? Have you not heard it said so often here that we cannot legislate on the floor; that we must send a bill to the committee and seriously consider it there and bring it back? That is what we have done, and now you are asked to take a bill that has never been considered by any committee of this House. It would certainly violate a rule of long standing.

I now yield to the gentleman from Massachusetts.

Mr. GIFFORD. I thank the gentleman.

Mr. PATMAN. Wait just one moment—just stand on your feet.

Mr. GIFFORD. I have heard that before.

Mr. PATMAN. I want to make just this one point. Many countries have tried fixing wages and fixing prices, but no country on the face of the earth has put prices and wages in the same bill or under the same administrator, not excepting Canada, not excepting England, not excepting Germany even. No country has ever attempted and will not attempt it, because it is not a practical approach to a difficult problem.

Now I yield to the gentleman from Massachusetts.

Mr. GIFFORD. The gentleman has made a splendid speech. He said we put back the licensing clause because of the testimony of Mr. Baruch. Did we not delete the licensing clause in executive session after Mr. Baruch testified before the committee?

Mr. PATMAN. The gentleman has his own opinion about it. We did restore it after Mr. Baruch impressed upon us how absolutely necessary it was.

Mr. GIFFORD. Did we not delete it afterward?

Mr. PATMAN. My opinion is that Mr. Baruch influenced the members on that licensing provision. And do not overlook this fact. He told the Rules Committee that it is absolutely necessary and that no bill is any good without it, and the Gore bill that you are asked to adopt does not contain it.

Mr. GIFFORD. The gentleman is pretty fairly accurate, but I want the House to know that after listening to Mr. Baruch, the committee, in executive session, deleted the licensing provision of the bill, regardless of the effect of his criticisms on the Rules Committee.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Illinois.

Miss SUMNER of Illinois. I can endorse the gentleman's statement 100 percent except for one thing. The gentleman said that parity shall be the price, but as to grain farmers—I do not know with respect to the cotton farmers—this will give our farmers more than parity, only every farmer will get a different price when you buy corn on the market.

Mr. PATMAN. I cannot understand the lady when she says that they will

get more by getting 100 percent of parity on grain instead of 110 percent.

Miss SUMNER of Illinois. Under the Gore bill they will have to pay parity to the farmer—

Mr. PATMAN. And under our bill, too. Miss SUMNER of Illinois. It would throw the whole thing into chaos.

Mr. PATMAN. I understand the gentleman's point, but I cannot agree with her.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Massachusetts.

Mr. HEALEY. Is it not true that while the Gore bill purports to be an over-all price-fixing bill it neglects to fix a ceiling on profits?

Mr. PATMAN. It does, and how are you going to justify fixing the wages of a man making 50 cents a day, a dollar a day, or \$400 a year, or \$1,000 a year, and then when you go back home he will say, "Yes; you fixed my wages, but what about this man drawing \$300,000." The Gore bill freezes it just where it is. They cannot reduce that amount at all. He stays exactly where he is now and it is frozen as of that date. Furthermore, they will say, "You fixed my wages, but you let the profits of this concern I am working for go out the roof, and the sky is the limit for them." How are you going to answer that? Consider that for a moment.

Mr. BOREN. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Oklahoma.

Mr. BOREN. First, with reference to the gentleman's remarks that the House should not adopt the Gore bill until it has been considered by a committee. If the bill has not been considered by the committee, it is the committee's fault, because it has been before the gentleman's committee all the time.

Mr. PATMAN. But, listen, we gave Mr. Gore 2 hours' time to explain that bill. We did not afford that courtesy to any other member of the committee. He explained it and we interrogated him about it and after it was all over he only received two votes on the Democratic side and only three on the Republican side. Those men were honest; they were doing what they believed was right. They heard every word he said and he answered every question and only convinced one other man on the Democratic side of the committee besides himself.

Mr. BOREN. Then it has been considered and the House is the proper place to consider it now. Let me finish my statement.

Mr. PATMAN. Go right ahead.

Mr. BOREN. A moment ago the gentleman remarked that this price ought to be fixed. If the price is to be fixed, why did not the committee have the courage to fix all the prices instead of leaving it to an arbitrary individual in a bureau?

Mr. PATMAN. We are doing that in a systematic, intelligent way, a way that will stop inflation, and if people want to spend their money on diamonds, high-class hotels, let them do it. We do not care if they are bound to spend it. All of them will not invest in bonds. We are

not trying to keep down the price of luxuries or of nonessentials. We are dealing with essentials in national defense and inflation.

Mr. LEWIS. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. LEWIS. I think the gentleman should correct his statement, because he said that Mr. Gore's suggestion had not been considered.

Mr. PATMAN. Yes; I said that. I said the only thing the committee considered about Mr. Gore's bill was the matter of wages. That is the only thing we considered. If you want to put wages in the legislation, there is no use of adopting the Gore substitute. Just wait until we reach that provision in the committee bill and move to strike out the exemption of wages. Then you will have the question directly before you in a well-considered bill.

Mr. COLMER. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. COLMER. The gentleman said in reference to a question that it would cost a hundred million dollars to administer the Gore bill.

Mr. PATMAN. Oh, I did not intend to say that. I intended to say it would take a million people.

Mr. COLMER. I just wanted to get that straightened out. Can the gentleman give us some idea about what it would cost to administer the committee bill?

Mr. PATMAN. There was an estimate made before the committee, but I do not now recall exactly what it was.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. THOMAS F. FORD. But the Gore bill freezes both profits and profiteering.

Mr. PATMAN. Oh, it does not freeze profits at all. It does not touch profits. That is the point they will have to explain. The question will be, "Why fix my wages and not fix the profits of the concern I am working for that is making millions of dollars a year?"

Mr. THOMAS F. FORD. But the profiteer would profiteer right along and never get stopped.

Mr. PATMAN. That is right. His profiteering will continue. It freezes them exactly where they are. And that is one of the most unfair things about it.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Yes.

Mr. DONDERO. Will the gentleman justify in his committee bill the provision which fixes the price of farm products and at the same time permits the Government to pay farmers \$1,000,000 subsidy?

Mr. PATMAN. Oh, it would take me a longer time than I have to do that, but I just want to say that there is plenty of justification for the present farm program.

Mr. BOREN. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Yes; for just one more question, and that is the last.

Mr. BOREN. I ask the gentleman how profits can go up if the price is fixed?

Mr. PATMAN. Oh, through velocity of the turn-over. There are lots of ways that profits can go up. They can save in other ways, and they can have mass production. There are a lot of ways, but you want to fix the wages of the men working in the factories and do nothing about the profits of the concern for whom the men are working, whose wages you fix.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. MONRONEY. Mr. Chairman, I move to strike out the last two words.

Mr. GORE. Mr. Chairman, I ask unanimous consent that the time of the gentleman from Oklahoma be extended for 5 minutes.

The CHAIRMAN. The gentleman from Tennessee asks unanimous consent that the gentleman from Oklahoma may proceed for 5 additional minutes. Is there objection?

There was no objection.

Mr. MONRONEY. Mr. Chairman, at the outset I ask the indulgence of the Committee members not to ask me to yield until I have at least completed a discussion of some of the issues that have been raised against the Gore bill by the last speaker. There is no reason for getting hot or bothered, or for implying that any Member of this Congress has a selfish personal interest in legislation. I think we all can admit that we are here to try to get a bill that will do the job and prevent disastrous inflation from wiping out the life savings and, if you please, the wage values of the workers of this country.

To begin with, the gentleman from Texas [Mr. PATMAN] asked the question how any price administrator could regulate 1,800,000 prices. That is the number that he said exists in our price structure, and yet Mr. Henderson, by his own testimony, proposes to do just that thing, to regulate the 1,800,000 prices by working on how many? By working on from 75 to 100 prices. I say that is obviously impossible.

The second point of attack upon the Gore bill is the fact that the Gore bill was ill-considered and hastily written. It is true that the committee had hearings for 2 months, but when the committee got ready to act—and the gentleman from Texas and every member of the committee knows it—we worked for only 2 full days on the rewriting of the bill, changing the bill, discussing the bill—2 whole days. When we finished, what did we find?

HENDERSON SALARY

We found that the well-considered committee bill had inadvertently regulated wages that is, had inadvertently regulated the wages of Mr. Henderson, because we had reduced his salary from \$12,000 to \$10,000. We also found that we had in this well-considered committee bill we inadvertently placed under absolute control of Mr. Henderson the Reconstruction Finance Corporation and its kindred defense activities in purchasing defense supplies. We had also put under Mr. Henderson the A. A. A., the Surplus Marketing, and these other valuable farm agencies.

To be fair, I must say the committee is rectifying their mistakes. There will be amendments put in here this afternoon to correct those, and they are good amendments.

But I wanted to say that the Gore bill has not been hastily drawn and ill considered. The basis for the Gore bill, if you please, was the experience in the last war by Mr. Baruch. Mr. Baruch knows the problems even better than Mr. Henderson does.

NO BUREAU AID

There is criticism attaching to the Gore bill, a blight that I am afraid may kill it, according to the popular conception on Capitol Hill, and that is that the Gore bill originated in Congress. The Gore bill was drafted by the gentleman from Tennessee [Mr. GORE] with the help of the congressional legislative drafting service, and no other person other than Members of Congress have had a hand in the direction and drafting of that bill. It is a bill designed to meet the situation and the evils of inflation.

The committee is adding two things to the bill—the licensing provisions and the buying-and-selling provision. Personally I do not think they will help the committee bill. The committee insists that those things are necessary if the committee bill is to work. The Gore bill does not require the licensing provisions to be placed in it. Why? Because we trust more to local enforcement, to putting the enforcement back into the States and in the communities, if you please, where these prices are violated so that a man can be taken into his own district court and face his home court on a trial by injunction to prevent violation of these price ceilings.

I do not care for the buying-and-selling provisions that were placed back into the committee bill. Perhaps Mr. Henderson must have the right to buy and sell. They are so broad, however, that it will enable them to institute any kind of merchandising set-up or wholesaling set-up or storing set-up in competition with other well-established Government agencies. I still think we could get along with the excellent job now being done in this regard by Mr. Jesse Jones, the A. A. A., and the other regularly established institutions of our Government.

RULES PREVENTED PROFITS CLAUSE

Now, we come to a criticism that is a little humorous, the fact that the profit limitations have been taken out of the Gore bill. I am sure that we all know that the profit limitation was in the Gore bill and that the advocates of the Gore bill have pleaded to get the profits limitation before the Congress. Yet the man who asked the question why the limitations were taken out is a member of the Ways and Means Committee, and he well knows that under the rules of this House his own committee would have made a point of order against the entire Gore bill if the Banking and Currency Committee had tried to violate the sanctity of the taxing prerogatives of the Ways and Means Committee.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. If you will allow me to proceed a little further.

Mr. PATMAN. Did the gentleman make any effort to write an amendment that would be in order on profits?

Mr. MONRONEY. We were told there was no way we can write an amendment on profits. We tried hard to do that in the Gore bill. I will say to the gentleman that the sponsors of the Gore bill will be here, ready, willing, waiting, and urging that the Ways and Means Committee at the earliest possible time, bring in sufficient legislation to curb all war profiteering.

Mr. GORE. Will the gentleman yield? Mr. MONRONEY. I yield.

Mr. GORE. Does not the gentleman think that probably we will soon get an opportunity to vote for as much profit-tax legislation as our hearts may desire?

Mr. MONRONEY. Yes. I thank the gentleman for that contribution.

Mr. RANKIN of Mississippi. Mr. Chairman, will the gentleman yield? I want to ask the gentleman from Tennessee a question.

Mr. MONRONEY. I yield.

Mr. RANKIN of Mississippi. Will those taxes reach the fixed charges of Barney Baruch and these other Wall Street bankers?

Mr. MONRONEY. I certainly hope they will.

ENFORCEMENT IS FAIR

I want to go now into the claim that was made of the vast, vast army that would be required to enforce this Gore over-all bill. I do not see how in the world anyone who heard the testimony in the committee when I asked Mr. Henderson about this can have any doubt as many or more would be required for his bill. I said, "Mr. Henderson, how many employees and officials will be required to enforce your bill?" Mr. Henderson said, "I don't know." I said, "Mr. Henderson, will it require 1,300—that is the number you have now—will it require 13,000, 130,000, or 1,300,000?" He said, "I don't know. I will try to put it in the record." He has not put it in the record.

So when you say the Gore bill will require a great army in every nook and corner of the country to enforce the ceiling you have the admission by the administrator of this act, who says he does not know how many men will be required for his own bill's enforcement.

I personally think the Gore bill will be easier of enforcement than the committee bill, because it is an over-all bill, and it is human nature to respect fair, equitable, over-all treatment. But if you favor one man economically against his neighbor—and that is what the selective price-control bill does—you will invite bootlegging. You will invite evasion of the law, and you will have a difficult time in trying to keep this thing from becoming the worst mockery that the Congress has ever passed.

Mr. RANKIN of Mississippi. Will the gentleman yield further?

Mr. MONRONEY. I yield.

Mr. RANKIN of Mississippi. If you pass either of these bills, then you will have to ration purchases.

Mr. MONRONEY. I do not believe that will be necessary except on the items of scarcity. In those items of scarcity you will have to go to rationing.

Mr. RANKIN of Mississippi. If you go to rationing, the person who goes to the store to buy anything from a pair of shoestrings to an automobile must carry a ration card. Has the gentleman figured how many hundreds of thousands it would take to enforce that kind of program?

Mr. MONRONEY. The rationing would not follow from price control but would follow from our national-defense program that is demanding most of our resources. We have no control over material shortages.

Mr. GORE. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield.

Mr. GORE. What would happen if you had no controls? It would be rationing according to the biggest pocket-book, and the poor people of the country would not be able to get even the necessities of life.

Mr. MONRONEY. I thank the gentleman for his contribution.

Mr. RANKIN of Mississippi. Let me say to the gentleman from Oklahoma that no country yet except a totalitarian state per se has ever attempted to fix prices except where there was a scarcity.

Mr. MONRONEY. Does the gentleman from Mississippi contend that the Henderson bill is less objectionable than the Gore bill?

Mr. RANKIN of Mississippi. I think one is high popolarum and the other is low popohirum. They are just as bad as they can be, both of them.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield.

Mr. PATMAN. I have the highest regard and greatest respect for the gentleman. He is one of the most valuable members of our committee. I am glad he is on the committee and glad he is a Member of this House; but I would like to know how he justifies arguing for an over-all and yet not put the biggest item of all—fifty billions of retailing—in the bill.

Mr. MONRONEY. I am glad the gentleman asked that question. The way it was brought out by the gentleman in his earlier discussion I hardly thought was becoming. I happen to be in the retail business and I want to assure every Member here I have no personal financial interest in what kind of price control we get.

Mr. PATMAN. I want the gentleman to know that I was not referring to him. I never thought of it.

Mr. MONRONEY. It was indicated on the floor, but we will let that go.

[Here the gavel fell.]

Mr. PATMAN. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

EXPLAINS CEILING

Mr. MONRONEY. The gentleman from Texas asked the perfectly logical question why the over-all ceiling stops at the wholesale line. The reason for that was because anybody who knows the

trend of prices knows that wholesale prices have already advanced to such a point that retailers are absorbing these advances from inventory they own at lower figures. The retail price-level statistics will show that this is in many cases—in most cases—slightly above today's wholesale level.

Were you to freeze retail prices at today's levels you would lock the door of every retail store in this country. You would throw out of employment these men. They could not pay expenses and still replace their stocks. Instead of doing that, and in order not to let any single item of our economy go untouched, in order to make the over-all ceiling workable, we have had to trust to Mr. Henderson, who is to administer the bill, to limit retail margins to such a point that there would be no profiteering, that only normal, reasonable profits would be maintained in the retail field.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. MONRONEY. I yield.

Mr. COOLEY. How does the gentleman propose to protect the consumer unless he controls the retail price the consumer has to pay?

Mr. MONRONEY. We are giving the Administrator the power to control the retail margins against profiteering. Now, if the Administrator cannot be trusted to control the retail margins, how in the world are you going to trust him with a bill that gives him power to control the whole economy of this Nation?

Mr. COOLEY. If he controls retail margins, why is not he by that same method controlling the retail price?

Mr. MONRONEY. He is controlling the retail price, but you cannot freeze the retail price as of today because your wholesale prices in many cases have already gone up to almost today's retail prices.

Mr. COOLEY. The gentleman states, then, that the Gore bill does attempt to control retail prices.

Mr. MONRONEY. The bill certainly does control retail prices.

Mr. BARRY. Will the gentleman yield?

Mr. MONRONEY. I yield.

Mr. BARRY. Both the gentleman from Tennessee [Mr. GORE] and the gentleman from Oklahoma who is now addressing us have stated that this bill provides an over-all ceiling. We discussed it yesterday, when the floor was not so crowded. Will not the gentleman admit that under section 206 the Administrator can lift the ceiling on everything that he does not think necessary for the carrying out of the purposes of this bill? So, in reality, it is a selective price control that the gentleman is advocating.

EXPLAINS EXEMPTIONS

Mr. MONRONEY. I am very glad I have the opportunity to talk to the Members today on that subject, because it is the point of greatest confusion. This provision in the Gore bill to permit exceptions from the blanket over-all ceiling that it places on prices is for the purpose: First, of taking care of necessary defense production, and I believe everybody will agree that is a good exception; and, second, it gives him the right to

exempt the nonessential things that have absolutely no influence on inflation. Mr. PATMAN's minister's Christmas present that he was worrying about, Mr. PATMAN's bootblack that he was worrying about; the divorce-case lawyer's fee: Those do not contribute to a rise in the cost of living; I do not think they do.

Mr. BARRY. Can the gentleman tell me one solitary item that Mr. Henderson could not exempt under section 206?

Mr. MONRONEY. If he violates his oath of office, if he disregards the mandate of this Congress, he can disrupt this bill; but if you cannot trust the man you want to administer this Henderson bill to be honest in making proper exemptions, then how in the world is he fitted to have authority to regulate the entire economy of this country that you would place in his hands under the committee bill?

Mr. BARRY. That is not the purpose at all. He believes he can carry out the purposes of this bill by placing a ceiling over a limited number of prices. In carrying out the provisions of this bill he would do the same thing and have no intent of evading his office, but will be carrying out his own ideas.

Mr. MONRONEY. I think the gentleman misstates the safety valve of this bill for the main entrance, and that is the main argument.

[Here the gavel fell.]

Mr. KEAN. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I rise in favor of the substitute bill. I am for it because I am against inflation and because I honestly want to keep down the cost of living.

The Gore bill will be effective. The Steagall bill will not be effective.

There has been a great deal of criticism of the labor provisions in the Gore bill. Some who spoke yesterday said that it would interfere with collective bargaining and the rights of labor. This is not at all true.

Read the bill and you will find that what it does is to recognize that there is a public interest in wage negotiations.

The practical effect of the bill, as I study it, is to provide that the Administrator, as representing the Government and the public, will hold a veto power on any wage increases which he feels would injure the public interest by causing an undue price rise.

Labor and industry could bargain as usual, but when an agreement had been arrived at they would have to go to the Administrator and say, "By the process of collective bargaining we have arrived at the following decision. Is there anything in this contract so contrary to the public interest that it would cause an undue price rise?"

And then Mr. Henderson, in accordance with sections 206 and 207 of the Gore bill, would probably in 99 out of 100 cases say, "The new labor contract is satisfactory. Either the company is making a large profit and this wage rise can be absorbed, or a slight rise in the cost of the product is justified. I will interpose no objection."

The one hundredth case might be that referred to by Mr. Henderson in answer to a question by the gentleman from

Texas [Mr. PATMAN] in the hearings, where he stated that "in case an industry granted entirely unjustified wage increases which would make it impossible for them to earn a profit, there was nothing he could do under the Steagall bill except to grant them a rise in price."

The substitute bill would entirely plug up this leak.

It is fair to labor and, what is vitally important, it is an effective bill which will keep down the cost of things which workmen have to buy and so, in the long run, be greatly to their benefit.

And the good effect on the morale of all the people if we pass an over-all bill will be tremendous.

The history of prohibition proved that a law which the public considers unfair cannot be enforced. Only a bill which treats all elements of our population equally and fairly will be accepted wholeheartedly by the American people.

Enforcement of price control will be so difficult that it is only through self-enforcement by public opinion that it can be made effective.

We must have a united people to win this economic war. We must not let a piecemeal, half-hearted bill hamper our defense efforts.

Mr. Chairman, I hope that the substitute bill will be adopted.

Mr. COOLEY. Will the gentleman yield?

Mr. KEAN. I yield to the gentleman from North Carolina.

Mr. COOLEY. Under this definition of services in the Steagall bill, may I ask the gentleman if it is not possible for the Administrator to regulate to the same extent the trades and professions and the incomes of the people so engaged as it is under the Gore bill?

Mr. KEAN. I believe that is quite possible.

Mr. COOLEY. In other words, under both bills they could regulate fees, salaries, and commissions?

Mr. KEAN. Indirectly through the Steagall bill.

Mr. BOGGS. Will the gentleman yield?

Mr. KEAN. I yield to the gentleman from Louisiana.

Mr. BOGGS. How does the gentleman propose to control bootleg and unfair practices without some type of license provision?

Mr. KEAN. If the over-all bill is passed, there are the criminal provisions.

Mr. BOGGS. In other words, the gentleman would favor sending a man to the penitentiary rather than revoking a license?

[Here the gavel fell.]

Mr. SPENCE. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I acknowledge it is not pleasant to vote for a bill that puts the economic destiny of the people of America in the hands of one man. We have to grant great and unusual powers if we are going to serve the purpose in view. I am in favor of granting enough power to the Administrator to effectuate the purpose, but I am not in favor of granting him any more power than is necessary. Every power we grant him is a derogation of the usual rights and privi-

leges of the American citizen. It takes away our constitutional rights, it is revolutionary, and it could not be justified except by the emergency that now threatens the very existence of our country and our institutions.

I want to read a section of the bill introduced by the gentleman from Tennessee [Mr. GORE] and give you my interpretation of what it does. Many of my colleagues have said they do not want to delegate power to Mr. Henderson. They criticize him, and they hesitate to grant him the powers under the bill reported by the committee, yet they are willing to grant him powers under the Gore bill which are far greater powers without limitation and definition. Here is the section in the Gore bill I want to read to you, and I want you to consider it:

(b) It shall be unlawful, regardless of any contract, agreement, or other obligation, for any person knowingly to receive or pay, or to enter into any contract, agreement, or other obligation under which he is entitled or required, or under which he purports to be entitled or required, to receive or pay, for the performance of any services a price in excess of the ceiling applicable to such services.

That provision not only applies to the bootblack and to the barber shop and to the beauty parlor but it applies to every public service corporation in the United States. The Administrator under this act could regulate the rates on railroads, he could regulate the rates on interurbans, he could regulate the rates on street railroads, and he could regulate the rates of every light, heat, or power company. He could regulate the rates of every utility of every description in the United States. There is no limitation to the powers that are granted under this section.

If you want to grant this power to a man who will be burdened with the duties of fixing the price of commodities throughout this great land of ours, the greatest Nation in the world, with more diversified industries, with more diversified economic conditions, more diversified conditions of agriculture and of labor, I repeat, if you want to grant this immense power in addition to those already granted, that is your privilege. Do you not think that would be a dangerous power placed in the hands of any one man? I do not think it could be administered intelligently or effectively, and I think the very statement of the proposition makes it ridiculous.

Mr. RICH. Will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from Pennsylvania.

Mr. RICH. Mr. Henderson in his own community, Millville, N. J., where he went to school, where everybody knew him, got the title of "Dub." Anybody who is called a dub in his own community should not be lauded here in the House.

Mr. SPENCE. Mr. Chairman, this is too big a question to approach it with personalities being predominant. It is a question of the greatest moment to the people of America. Irrespective of who the administrator is I do not think we should impose upon him these duties which cannot be administered by him,

and which are highly technical, and which can be administered intelligently only after great study and investigation. There are commissions regulating public service corporation rates in the cities, there are commissions regulating rates in the States, and there are the various Federal regulatory commissions. All those regulatory bodies would be destroyed, they have been developed through the years, under laws which have had constant consideration and development. The lawbooks are full of decisions on the subject. All these things would be destroyed by this one section of the bill, and the judgment, the ipse dixit of one man would take their place.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, anyone who is fundamentally opposed to the committee bill because of the fact that the committee bill in its present form establishes an economic czar, anyone who is opposed to the committee bill for the reason that there is no review of the equities of the ceilings established over prices, cannot consistently vote for the Gore bill, regardless of whether or not it provides a different philosophy of price fixing, because there are two fundamental objections—at least two—to the Gore bill which exist in the committee bill:

The first is that there is no check whatever upon the zeal and enthusiasm of the Administrator in respect to the manipulation of price ceilings. There is no check whatever—no remedy whatever—from the mistakes of judgment which he might make under the Gore bill. There is no review provided in the Gore bill whereby a protestant—an aggrieved person—might have the justness and equity of a ceiling reviewed. The only review contemplated in the Gore bill—and I believe this transcends all other subjects—is a review to determine if the Administrator had the authority to set the ceiling, or perhaps whether the Congress in the first instance had the authority to set the ceiling.

It has been commented upon that there is no ceiling on retail prices. I did not want to get into the merits of the Gore bill in that particular, but there is no ceiling on retail prices, and there are many and various items which enter into retail prices other than the wholesale price of the commodity which the retailer sells.

Are we willing in the one instance to vote to turn this broad authority to control the economic destiny of the Nation over to an individual and then in another respect say that we are not willing to? Those of you who feel keenly about this fundamental question by the solution of which today we might determine whether the form of this Government of ours is to be perpetuated must view both of these bills as they presently exist in the same light, that they are both equally bad in that they turn the destiny of 132,000,000 people over to a single individual without any adequate review.

The Gore bill differs in its operation as it is presently set up only in its enforcement. As I understand, no attempt will

be made to write into the Gore bill the licensing provisions.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. WOLCOTT. So after the adjustments have been made by the Administrator, after he has been confirmed, then I say without fear of successful contradiction that the modus operandi of the two bills is almost identical, and in the meantime you embarrass the whole situation by creating millions of individual lawsuits and hearings to the point, probably, where you would so encumber the office of the Administrator with so many demands and protests against the ceilings which the Congress has by fiat set as to at least than per him in the establishment of needed ceilings.

Do you realize that in a Sears, Roebuck catalog alone there are, I have been told, something over 50,000 different products, and they are manufactured by somebody? Sears, Roebuck buys them and retails them. Every manufacturer who is affected by a wholesale price established by the fiat of the Congress is immediately upon the enactment of this bill going to file his protest with the Administrator.

There is an interim period between the effectiveness of this act and the administration of the act. The Gore bill rightfully states that the Senate must confirm the appointment of the administrator. I believe we are dealing with policies and not individuals; but assuming, as we must, that Mr. Henderson is nominated by the President as the Administrator, and assuming that only half the things are true that have been said about him, surely we cannot expect the Senate to confirm him immediately. They will have hearings upon the character of this man, his intentions and his viewpoints, and it will take possibly weeks before they can agree upon an administrator. What happens in the meantime? Wages and prices are frozen right there.

Let me cite one instance wherein you might encourage hundreds of strikes in this Nation to the prejudice of the defense program. The scale of wages in the airplane industry today is lower than it is in the automotive industry, yet we will all agree that the airplane industry is perhaps more important to our national defense than the automotive industry. The scale of wages in the airplane industry is frozen, let us say, as of this date. It does not make any difference whether they go under mass production, it does not make any difference what the profits are, those men cannot disturb the situation.

What is going to happen in this interim period? They are either going to strike for higher wages or they are going to abandon the airplane industry in favor of some other industry which pays a higher scale of wages. You may cripple your whole defense industry by voting for the Gore bill and by fiat of Congress establishing a scale of wages which perhaps

may before the confirmation of the administrator be wholly out of line with the cost of living. Whose fault would it be? It would not be the fault of any administrator. The chaos would result from the action of this Congress without the power in anyone's hands to correct any of the interim inequalities or inequities.

Mr. RANKIN of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Mississippi.

Mr. RANKIN of Mississippi. Let me ask the gentleman from Michigan if it is not a fact and if it has not been the experience of every country in the world that where you fix prices by law you also have to ration purchases?

Mr. WOLCOTT. I may say to the gentleman that I just read yesterday a very interesting article with respect to the Black Market of Europe, and in the face of the fact that the Nazi or German Government has military control over the occupied areas and can, I guess, if they want to, put men to death for bootlegging supplies and equipment, nevertheless about 40 percent of the trade in the occupied countries today is done through what they call the Black Market, to circumvent the ceilings which have been placed by Germany in the occupied areas. Now, if Germany, under military control, cannot enforce these provisions, how can we expect an administrator in this country to do it under an over-all system of administration?

[Here the gavel fell.]

Mr. LYNCH. Mr. Chairman, I move to strike out the last four words.

Mr. Chairman, it seems to me that in the course of debate probably we have lost, to some extent, the purpose of the bill before us. The purpose is to curb the inflationary trend. It is not the purpose in anywise to interfere with business insofar as a fair profit is concerned where there has been no spiral of prices, where there has been no great increase in price in those commodities that are essential to the life of the people, and therefore we are faced today with the bill that has been proposed by the committee and the amendment suggested by the gentleman from Tennessee. It seems to me it should be the policy of this Congress to retain as far as possible the economic life of the country. It does not seem to me to be reasonable that because there is a spiraling condition today in some of the things that are necessary for the welfare of our country that therefore we should indiscriminately place a ceiling upon the prices of all commodities, upon rents, and upon wages. Therefore it seems to me that the Gore amendment is absolutely unnecessary.

There should be no desire on the part of anyone to impose a ceiling on those things that are luxuries in life or those commodities that are not absolutely necessary for the welfare or defense of our country, and I think if we were to adopt the Gore amendment we should in the first instance put a ceiling on those things that are not necessary, that are luxuries, we would go far beyond what the intent of the Congress and the people of the country desire.

In addition to that we are confronted also, insofar as the Gore amendment is concerned, with a question of commissions for services or pay for services. Let us take a simple case of a man employed by a company who has made during the past year \$3,000 on commissions. What happens under the Gore plan? When the man has made the \$3,000 this year, under the Gore plan, what must he do? He cannot work any more without getting the special permission of the Administrator in Washington as to whether or not he is entitled to more commissions if he continues to work. Is that a sensible way to do business? What happens insofar as the attorneys or professional men are concerned who last year made \$5,000 or \$10,000? This year when they make \$5,000 or \$10,000 and they come up, say, to the month of July 1942, and they have made in those 6 months as much as they made the year before, what must they do under the Gore plan?

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. LYNCH. In just a moment.

Under the Gore plan, as it stands, he must be excused by the Administrator or on the other hand he must cease to do work and must throw the people in his employ out.

I now yield to the gentleman.

Mr. COOLEY. Does not the Steagall bill or the committee bill contain exactly the same view or the same provision that the gentleman is now discussing?

Mr. LYNCH. Not at all.

Mr. COOLEY. If the gentleman will look on page 21, under the definition of "service," it says that it includes—

services rendered otherwise than as an employee in connection with the processing, distribution, storage, installation, repair, or negotiation of purchases or sales, of a commodity, or in connection with the operation of any service establishment.

Mr. LYNCH. That does not mean, under the interpretation given by Mr. Henderson, the wages of those men who might be employed. It had to do particularly, insofar as that is concerned, as I remember it, with those services that are rendered in connection with processing, marketing, and distribution.

Mr. COOLEY. How about an accountant or bookkeeper?

Mr. LYNCH. I should say, under the Steagall plan, without question there is no question of wages involved one way or another, but under the Gore plan such a situation does develop.

Mr. COOLEY. How about fees and commissions?

Mr. LYNCH. Fees and commissions are not here involved. A careful reading of that provision will demonstrate that.

[Here the gavel fell.]

Mr. WILLIAMS. Mr. Chairman, I ask unanimous consent that the time of the gentleman from New York be extended 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. COOLEY. Now, Mr. Chairman, will the gentleman yield there?

Mr. LYNCH. I want to proceed further now.

With respect to the question of wages let me say this. If we are going to adopt a policy in this House that labor is a commodity and that we are going to tie up labor and the rewards of labor with the cost of a commodity, it seems to me we are abandoning the principle that Congress has in the past repeatedly set forth that labor is not a commodity.

We are faced, then, with a situation where, under the Gore amendment, we consider the question of a ceiling on wages but no ceiling or limitation of any kind on profits. Under the Gore amendment, labor will be limited in its earnings, but industry will have no limitation on its profits. It has been said repeatedly before the Committee that this bill of itself or whatever bill is passed will not curb inflation when inflation once gets started. There must be further bills with respect to territory and more control and the like. If this bill should be passed with the wage element in it, what situation would you have? You would have a situation where all of the wages of all of the people in the country are frozen at a certain level, even though there is no guaranty in the bill that there would not be an increase in the price of commodities. There would be one thing certain under this bill if amended in accordance with the Gore amendment, and that is that the only thing that would be definitely frozen would be wages and nothing else. I say it is palpably unfair to those people working for wages to so fix their wage that when there is no guaranty that inflation will stop they will still have their wages fixed by statute.

Mr. THOMAS F. FORD. Mr. Chairman, will the gentleman yield?

Mr. LYNCH. Yes.

Mr. THOMAS F. FORD. If we freeze the wages of an individual, would we not be freezing the income, and would it not apply to any income?

Mr. LYNCH. No; I would say that wages are not the only income because I imagine that there are many people in this country who get their income from stocks and bonds, and let me tell you with respect to those people, although you would freeze the wages of the working people those people who have other income would in no wise be affected.

Mr. THOMAS F. FORD. I mean the wages of a worker are his income.

Mr. LYNCH. Oh, yes.

Mr. THOMAS F. FORD. And if we freeze that, I do not think there is any warrant of law by which this Congress could pass a bill that would fix the income of an individual.

Mr. LYNCH. I agree with the gentleman perfectly, and also I say that when that wage is fixed under this amendment, there is no guaranty that prices are not going to go higher, nor is there any guaranty that prices will not go higher under any such bill we pass, unless we have a great deal of supplementary legislation.

Mr. BARRY. Mr. Chairman, I move to strike out the last five words. I am going to take only a few minutes to emphasize two points that I raised yesterday in opposition to the Gore bill. I seri-

ously urge the Members of the House to read section 206 of the Gore bill, and they will find that under that section all this talk about a price ceiling is a fiction, and that the only difference is in the method of approach, because under the Steagall bill the Administrator can immediately set a price ceiling over everything. Under the Gore bill the Congress puts a price ceiling over everything. But under the Gore bill the Administrator can exempt the prices all along the line. Just like in the Steagall bill, he can increase the prices; so in little respect does the selective price bill we are now discussing differ very much in operation from the Gore bill. The Gore bill is not the Baruch plan at all, and if the Administrator believes that he can accomplish the curbing of prices by selecting articles, it is inevitable from his point of view that he is finally going to reach the same result and put a ceiling on the same amount of articles as he would under the Steagall bill. So I think, so far as reality is concerned, that it is much ado about nothing. There is not a single article that he cannot exempt under section 206. Insofar as the question of putting a ceiling on labor is concerned, I repeat what I said yesterday, and I want to be frank to say that I am not too much impressed about this business of labor not being a commodity. Of course, it is not a commodity, but that is not necessarily a reason for not placing a ceiling upon it. The drafted boys in the camps only get a certain amount of money, and they are told what to eat and what to wear, and they are not commodities. The thing that perhaps decided me against this proposition is what happened during the election in Kentucky, and other places with the W. P. A. I know what happened in New York, and I know what happens in this Congress or in any other place whenever the administration is in a pinch, and they want votes to swing an election.

I say to you when you give the administration the power to raise the wages of 30,000,000 people you are just putting a noose around your neck if sometime you come into conflict with the administration, because you know as an actual fact if the heat is on, if the pressure is on, the Administrator can turn to these labor leaders and say, "Here, now, if you want a raise of wages, you support this measure or you oppose it." Or, "I want to get rid of John Smith, or Eugene Cox, or Barry, because he opposes my policy." Labor can be told to go out and knock him off in that election. When you grant the power to increase wages, you also grant the power to control the wage earners' votes. Do not forget that.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. BARRY. I yield.

Mr. WHITTINGTON. Is it possible or practicable to fix any price or any ceiling on any commodity without giving consideration to the cost of producing that commodity and the labor involved?

Mr. BARRY. Absolutely not. To say that labor does not enter into the cost of the finished product is to just make a silly statement; but I would rather take a gamble on what may happen by not

controlling the wage factor than to put Nazi regimentation over 30,000,000 workers.

The Gore bill will put into the lap of the Administrator the difficult problem of looking over hundreds of thousands of commodities and deciding whether or not to lift the ceiling. When you do that, you will require possibly tens of thousands of workers to examine into every commodity on which a ceiling has been placed.

[Here the gavel fell.]

Mr. BARRY. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection? There was no objection.

Mr. BARRY. We are now faced with the choice of knowing that if we do nothing a rise of prices is inevitable. I do not believe anyone knows whether or not any bill is going to curb the law of supply and demand and prevent inflation. My opinion is that it will simply put into the hands of the Administrator the power to stop chiselers and grafters, and therefore in certain instances curb price rises. I am reluctant to vote for any bill, because there is no question in my mind, and there should not be any question in the mind of anybody, that it is a vast step in the direction of economic regimentation and dictatorship. I have finally decided to vote for the least obnoxious of all, and that is the Steagall bill. I think it has as much chance of curbing rising prices as any other bill that we should adopt at this time.

Therefore I urge support of the Steagall bill.

[Here the gavel fell.]

Mr. BOGGS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, in our discussion this morning it occurs to me that two very important matters which came before the committee in the consideration of this legislation have not been discussed. During the course of our long deliberations we took time to study the systems which have been employed and are being employed by other nations throughout the world today to regulate inflation. We made some very interesting discoveries. First we discovered that no nation today, whether it be at peace or at war, is without some type of price-control legislation. Secondly, we discovered that no nation has attempted to regulate both prices and wages under one administration. Third, we discovered that the only nation which has adopted a plan which embodies the principles of the substitute bill is Nazi Germany. Even in Nazi Germany, regulated and regimented as the society there is, there have been over 12,000 exceptions made to the overall bill, in a period of a very few years. As a matter of fact, within the last several years, since the inauguration of the war the plan has been abandoned for another one.

Mr. RANKIN of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I gladly yield to the gentleman from Mississippi.

Mr. RANKIN of Mississippi. In every one of those totalitarian countries where this price-fixing program is working at

all, they have also fixed the volume of their money, have they not?

Mr. BOGGS. I think generally that is true.

Mr. RANKIN of Mississippi. In this country we can have wild inflation, if they want it, through the Federal Reserve System, without restriction. This bill does not touch the volume of money whatsoever.

Mr. BOGGS. My answer to the gentleman from Mississippi is simply this, and it also is pertinent to the Gore bill: For anyone to stand on this floor and maintain that a price-control bill, standing alone, can control inflation, is to be ridiculous. I may not conform to the monetary ideas of the gentleman from Mississippi [Mr. RANKIN], but it is fundamental that there must be credit control. There must be expansion of supply. There must be control of imports and exports. There must be a system of savings instituted. There must be a program of substitution instituted. There must be a continuation of the program of priorities and allocations for us to effectively control inflation in the United States. Hence to say that the Gore bill, standing alone, will do the job is to be palpably ridiculous.

Mr. RANKIN of Mississippi. In other words, if the Gore bill or the Steagall bill, or both of them, pass, unless there is some method of controlling the volume of our currency it will likely bring disaster to the country?

Mr. BOGGS. I am not going to admit the gentleman's contention. There must be price control plus other measures to control inflation.

Mr. RANKIN of Mississippi. I thought that was the logic of the gentleman's argument.

Mr. BOGGS. I do believe that some credit control must be instituted. Whether it should be the type that you advocate or the type somebody else advocates is another matter to be studied by another committee.

The best evidence of the effectiveness of the selective system is in what has already been accomplished. There has been little discussion of the functions of the Office of Price Administration during the last 10 months. I firmly believe that had it not been for the selective control used by that office recently that the cost of living, in place of having advanced 10 percent, would undoubtedly have advanced 20 or 30 or even 40 percent; but by the voluntary strategic control of approximately 40 commodities, mind you, 40 commodities out of a total of two, three, or four million in this Nation, we have been able to keep the cost of living down to a moderate rise of about 10 percent.

[Here the gavel fell.]

Mr. WILLIAMS. Mr. Chairman, I ask unanimous consent that the gentleman from Louisiana may proceed for 5 additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. BOGGS. I think the Members of the House should know a little something about the functioning of the Office of Price Administration to date, and what

commodities have been controlled in such fashion that they have affected the entire price level. There have been a total of 42 ceilings imposed since February 1941. These ceilings represent 22 percent of the aggregate value in exchange of the total of over 900 commodities in the B. L. S. Index of Wholesale Prices. It must stand to reason that if we regulate the price of steel we help to control the price of buildings, of automobiles, of trucks, of all the numerous multitude of commodities which use steel, and on down the line. I say that the selective price-control system intelligently administered in such fashion that it touches at the root of the economic system can do this job without the multitude of administrators that must be required under the other system.

Mr. MURDOCK. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I yield.

Mr. MURDOCK. Without approving or disapproving what has already been done by way of price fixing, I would like to ask the gentleman why either of these bills should be passed? Why not continue as we have during recent months, as we have had some degree of control?

Mr. BOGGS. I am glad the gentleman brought the question up. The reason the Office of Price Control has been able to function heretofore is because it has controlled industries where there have been few producers, few dealers: For instance, the steel industry, the copper industry, the lead industry, the zinc industry. But when they tried to regulate scrap metal which became tremendously important as the shortage of steel developed in the Nation, it was literally impossible because there are tens upon tens of thousands of scrap dealers throughout the Nation and it was impossible to bring them all in a room and ask them voluntarily to conform to a ruling of a Government agency.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I yield.

Mr. ROBSION of Kentucky. I wish to commend the gentleman's very informative statement. How many members are there on the Committee on Banking and Currency which considered this bill?

Mr. BOGGS. Twenty-five.

Mr. ROBSION of Kentucky. The members of that committee had unusual opportunity to get information for a number of weeks from the leading people of this country.

Mr. BOGGS. Three months.

Mr. ROBSION of Kentucky. And from Mr. Henderson, too.

Mr. BOGGS. That is correct.

Mr. ROBSION of Kentucky. How many members of the gentleman's committee voted for the committee bill and how many voted for the Gore bill?

Mr. BOGGS. I believe several members were absent. As I recall, however, 18 members of the committee voted for the committee bill and 5 voted for the Gore bill.

Mr. CANNON of Florida. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I yield.

Mr. CANNON of Florida. Does the gentleman think there are more scrap iron dealers than there are filling sta-

tions? Mr. Ickes did a good job on regulating the filling stations, and I believe the gentleman will agree that there are more filling stations than there are scrap iron dealers.

Mr. BOGGS. In other words, the point the gentleman is making is that in the case of the filling stations it was a voluntary action and proved fairly successful. I quite agree that there are thousands upon thousands of patriotic people in our Nation who will conform voluntarily to certain regulations in a national emergency. But I say this further, that the experience of all nations is that when you come to the question of price control of the entire structure, in fairness to those who do conform you must have some type of legislative control.

Mr. CANNON of Florida. If the gentleman has some preconceived idea about the danger of scrap-iron dealers not getting together or conforming, perhaps we should pass some criminal bill in this House now.

Mr. BOGGS. This bill carries criminal penalties, if that is what the gentleman is driving at.

Mr. CANNON of Florida. I think we should have a straight criminal bill, then.

Mr. BOGGS. No. That is the reason for the licensing provision in the bill. It is not fair because a man violates one ceiling to send him to the penitentiary. I asked the gentleman from New Jersey [Mr. KEAN], a member of the committee, that question this morning. It is unfair to fine him \$5,000; but it may not be unfair to protect the thousands upon thousands who are conforming to require him to have a license provided you surround that license with certain protective devices, such as we have done.

Mr. CASE of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. Gladly.

Mr. CASE of South Dakota. The gentleman from Louisiana has said that any selective price-control system will work if it is intelligently administered. This, it seems to me, begs the question, because the gentleman also has admitted that in having price control of itself we must have a control of the flow of money, the reserve ratio, control of the flow of credit and these other things. How can you have intelligent administration of a price-control system unless you have a centralized control not merely of prices but these other things that go into the price structure—credit, money, and so forth—and centralize the Treasury, the Federal Reserve, the Department of Agriculture and the Department of Commerce? And then how are you to achieve intelligent administration or find anybody or any group intelligent enough to administer all these functions and insure the harmony that is necessary?

Mr. BOGGS. If the gentleman will bear with me, that question of intelligent administration is simply this: It does not have any effect upon the price structure if certain costs rise; as a matter of fact, it would be a good thing if more people started spending excess purchasing power at resort hotels or on railroad fares, or going to their dentists to have their teeth fixed, or buying expensive

foods, if they can afford them; in other words, as long as they are not competing with the essential articles in the country or with the articles that are required to maintain the standard of living, then it is all right for them to go on a spending spree because this helps to prevent inflation by absorbing excess purchasing power. Intelligent administration means that there must be the proper selection of commodities, and the Gore bill prohibits that type of selection.

[Here the gavel fell.]

Mr. RANKIN of Mississippi. Mr. Chairman, I move to strike out the last word, and I ask unanimous consent to speak for 10 minutes out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi [Mr. RANKIN]?

There was no objection.

Mr. RANKIN of Mississippi. Mr. Chairman, in my opinion this so-called price-control bill is one of the most dangerous pieces of legislation that has come before the Congress since I have been a Member of the House and one that carries the greatest threat to our farmers, to our businessmen, to our form of government, to our institutions, and to our way of life. It means dictatorship, totalitarian government. Do not deceive yourselves. This is the pattern that is being followed in both Russia and Germany and in all the other totalitarian countries of the Old World. It means a dying democracy and probably the end of our free institutions.

When you fix prices and make them effective you are bound to ration purchases, so that everyone must have a permit to buy even the smallest article. Whenever you do that, then you have a totalitarian government, and our system of free institutions and free enterprises will probably be gone forever.

As I said on yesterday, the danger in this bill, boiled down to a few words, is that it embraces the philosophy of scarcity and regimentation, which means totalitarianism, which means communism, nazi-ism, or fascism, whichever you desire to call it. They are all symptoms of the same disease. They all create an atmosphere in which free institutions cannot survive. It substitutes this deadly philosophy for the philosophy of abundance that has been preached by wise men from Moses to the present day and forms the basis of liberty and free enterprise throughout the world.

Remember that there is not a single country that has ever adopted a policy of this kind that did not first admit the failure of its free institutions. If we pass this measure we admit our failure to perpetuate our system of liberty and freedom in America. I fear it will mean peonage for the farmers of our country, and especially for the cotton farmers of the South.

The advocates of this measure have already driven the price of cotton down something like 3 cents a pound by their propaganda. That has cost the cotton farmers of the South about \$15 a bale, or around \$150,000,000 on this year's crop. Wheat, corn, cattle, and poultry farmers have suffered accordingly.

According to the prices manufactured articles are bringing and the wages being

paid to industrial labor, cotton should be bringing at least 40 cents a pound, and the prices of other agricultural commodities should advance in proportion.

A cotton farmer makes, on an average, 1 cent an hour for every cent per pound he receives for his lint cotton. Today cotton is selling at 16 cents a pound, which means that the farmer who toils in the hot sun to make and gather his crop gets 16 cents an hour for his work—provided he makes a normal crop.

Now compare that with industrial wages fixed by the Labor Board. The most poorly paid industrial laborer, the Negro charwoman who sweeps the floor of the garment factory in my home town, has her wages fixed by the Labor Board at 40 cents an hour, or two and one-half times as much as the average farmer in the county makes plowing, chopping, and picking cotton in the hot sun. Yet the Wall Street bankers who are demanding this legislation are saying that cotton is too high and have been beating down the price in every conceivable way. But I will get to them in a minute.

I have a telegram from the C. I. O. representing the automobile workers in Detroit, Mich., advocating the passage of this measure, but urging us not to "put any shackles upon wages." In other words, they want us to impose this monstrosity upon the farmers of the Nation but to leave them out of it. I looked up the wages these automobile workers get, and found that they averaged \$1.08½ cents an hour. If the cotton farmer were paid in proportion for his work, he would get more than \$1 a pound for his cotton, or \$500 a bale.

They will tell you that the agricultural program has done so much for the cotton farmers. But the fact remains that it has failed to raise the price. On the other hand, it has increased the production of cotton in other countries. For instance, in 1932 the world produced 24,000,000 bales of cotton, of which we produced 13,000,000 bales. Last year, 1940, the world produced 30,000,000, and we produced only 12,000,000 of it. While the rest of the world was increasing its production by 7,000,000 bales a year we were reducing ours by 1,000,000 bales a year. For the first time in history, the United States failed to lead all the rest of the world in the exportation of cotton. It actually fell to third place, Egypt and British India both going ahead of us.

In 1932 the State of São Paulo in Brazil produced only 99,000 bales of cotton. Last year it produced 1,260,000 bales, or more than the State of Mississippi, which up to that time, was the second cotton-growing State in the world, being surpassed only by the State of Texas.

Instead of curing this situation, this measure would likely make it infinitely worse. We have no assurance that the ones in charge of this program would not be just as ruthless in their treatment of agriculture as the priorities division of the O. P. M. has been toward the R. E. A.

You are going at this thing entirely backward. You are attempting to water the tree at the top. This movement is being inspired by those elements that have their wealth invested in tax-exempt securities or whose incomes are derived

from fixed charges. The more you hold down the price of cotton, wheat, corn, cattle, hogs, land, lumber, and other raw materials, the more purchasing power the dollars of those men, those Wall Street bankers, represented by such men as Mr. Barney Baruch, will have. I have not changed my mind about Mr. Baruch and the Wall Street financiers he represents. Eight years ago, in 1933, when we had this problem before the House, when we were trying to cure the depression by a reasonably controlled expansion of the currency, he came into this capital and lobbied against us. In referring to him then I used these words:

On yesterday there appeared in this Capitol a Wall Street international banker, Mr. Barney Baruch, one of the three wise men from the east.

If the policies of these shylocks of finance were carried out indefinitely, this panic would last for a thousand years. There is absolutely no hope of relief in anything that any one of them advocates, but, on the other hand, the very policies for which they stand are responsible for the present condition of wreck and ruin.

That was in 1933. Today this pressure is being brought by those same financiers—by the same international bankers—who coined their fortunes out of the blood and tears of the suffering men, women, and children of the world during the last war, and who have their money invested in tax-exempt securities, or in such securities as bring them fixed returns. They want to hold down the prices of farm commodities to keep them from advancing to their normal levels.

If this measure passes, the farmers will have no chance to speak from now on. The reason I am speaking now is that I am the only voice the 250,000 people in my district have now, and, after this bill is passed, they might not have any chance at all.

When Antonio was pleading to Shylock to let him settle his debt and not to exact the pound of flesh from nearest his heart, which he had given as security, he was given the same answer these shylocks will give to the farmers of the Nation when Shylock said:

I'll have my bond; I'll not hear thee speak. I'll not be made a soft and dull-eyed fool, To shake the head, relent, and sigh, and yield To Christian intercessors. * * *

I will have my bond.

The mouths of your people will be closed whenever this bill is put into effect, and these financiers will collect the interest on their bonds for generations to come, or until the people rise in revolt.

The trouble is in our monetary system. The prices of commodities are regulated by two things—the volume of a nation's currency multiplied by the velocity of its circulation. Every totalitarian country yet that has fixed prices has also fixed the volume of its money. You do not attempt to do that in this bill but leave the Federal Reserve System unrestrained as to either inflation or deflation.

Mr. BOGGS. Will the gentleman yield?

Mr. RANKIN of Mississippi. I yield to the gentleman from Louisiana.

Mr. BOGGS. D'd the gentleman vote for a measure passed by the House in

1935 to regulate everything in our economy, which was more drastic than the bill before the House?

Mr. RANKIN of Mississippi. I am not sure what was in that bill at this late date.

Mr. BOGGS. I have read it. In the CONGRESSIONAL RECORD the gentleman is recorded as voting for it.

Mr. RANKIN of Mississippi. For what?

Mr. BOGGS. For an act that passed this House on Tuesday, April 19, 1935, conferring emergency powers on the President in time of war.

Mr. RANKIN of Mississippi. If we made one mistake, that is no reason for making another one—and especially one as drastic and dangerous as this proposed measure.

Mr. BOGGS. Does the gentleman believe that the farmers of this country gained anything from the inflationary period of the last war?

Mr. RANKIN of Mississippi. The gentleman from Louisiana does not seem to understand just what happened. It was not the inflation that hurt the farmers, but the deflation that followed. In 1920, when cotton, wheat, and corn had risen to the levels justified by the volume of currency and the velocity of its circulation, when cotton was 30 or 35 cents a pound, wheat \$2.50 or \$3 a bushel, and other farm prices had gone up in proportion, these Wall Street bankers went down to the Federal Reserve Board, when Woodrow Wilson was in bed sick, and got W. P. G. Harding, the Governor of the Board, to issue an order raising the rediscount rate and calling in loans in the agricultural States. That drove prices down. That is what broke the farmer. If we had had a law then to prevent them from doing such a thing or making it impossible for them to do so, as we must have if we ever restore normal conditions in this country and guarantee security to the farmers of the Nation we might have avoided the depression of 1920 as well as that of 1929. We might have had prosperity all these years without any relief rolls, without any regimentation, and without piling up a national debt of something like \$65,000,000,000, on which these financiers want to make the American people pay them interest for generations to come. We never can pay this debt; we cannot even pay the interest on it, with the present price levels.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. RANKIN of Mississippi. I yield to the gentleman from Michigan.

Mr. CRAWFORD. I think the other side should point out in calling attention to this vote in 1935 that that vote rested on a time of war. There has been no declaration of war by the Congress, and under such conditions that law would not be operative. At no time, however, have they developed that point in these interrogations that have been submitted to the Members who voted for that bill.

Mr. RANKIN of Mississippi. The gentleman from Michigan is right.

Let me tell the gentleman from Louisiana also that if this bill is passed in its present form, or even if you put the Gore

amendment on it, in my opinion, it will result in disaster, and probably in the repudiation of the entire national debt.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. RANKIN of Mississippi. I yield for a question.

Mr. GIFFORD. Is this not a step toward socialization of America?

Mr. RANKIN of Mississippi. Certainly.

Mr. GIFFORD. I must finish that question, and I welcome the gentleman's answer. I now ask the gentleman to recant on the T. V. A., the most perfect socialized activity we have.

Mr. RANKIN of Mississippi. I may say to the gentleman from Massachusetts that he needs some light, and I shall give it to him some day, and then he will be for the T. V. A. If the people of Massachusetts had a T. V. A. to guarantee them proper electric light and power rates, they would now be saving more than \$50,000,000 a year on their light and power bills alone.

Mr. BOGGS. Mr. Chairman, will the gentleman yield?

Mr. RANKIN of Mississippi. I yield for a question.

Mr. BOGGS. The gentleman stated that he was unfamiliar with the contents of the bill passed in 1935.

Mr. RANKIN of Mississippi. I said I do not remember all its contents at this moment.

Mr. BOGGS. I should like to read section 2 of that act.

Mr. RANKIN of Mississippi. No, Mr. Chairman; let him read that in his own time. I suggest that he also do some reading on this money question, upon a proper solution of which may depend the destiny of this Republic.

Mr. Chairman, who owns this gold buried in the ground in Kentucky? If you will investigate that proposition I think you will find that some of it, at least, is owned by certain international financiers, who are in favor of fixing the prices on farm commodities and holding them down below the cost of production.

If you want to restore prosperity to this country, let Congress take back the powers vested in it by the Constitution to "coin money and regulate the value thereof." Remonetize gold and silver on a reasonable ratio, and issue currency, instead of borrowing money from these financiers for the American people to pay back with compound interest for the next 50 or the next 100 or the next 500 or the next 1,000 years.

As I said, if you pass this bill, you are going to have to ration purchasing. Then you will have a totalitarian system in full. Then what are we supposed to be fighting for? What are we complaining about totalitarianism and dictatorships for if we are going to adopt the same system by an act of Congress and shut the door of hope in the faces of the people of this Nation, and especially of the farmers, probably for all time to come?

Mr. Chairman, let Congress assert itself, take back its powers, reassume its constitutional duties, prerogatives, and responsibilities, and say to these international financiers, in the words of William Jennings Bryan:

You shall not press down upon the brow of the American farmer this crown of thorns; you shall not crucify this Nation upon a cross of gold.

Mr. REED of New York. Mr. Chairman, I move to strike out the last five words.

Mr. Chairman, this may not shed any particular light on this subject, but sometimes we can learn by going back and considering the experience of others with various phases of fiscal policy and financial policy.

Way back from 1790 to about 1795 there was a great period of inflation in France. They had indulged in many of the schemes that have been promoted in the last few years in connection with our Government. I thought you might be interested to see just what the possibilities of inflation are during a short period of 5 years, so I have here reduced to American currency the change of prices during that 5 years on a few products.

In 1790 in France a bushel of flour was worth 40 cents. In 1795 a bushel of flour was worth \$45. A bushel of oats in 1790 was worth 18 cents, and 5 years later it was worth \$10. A cartload of wood was \$4, and 5 years later it was \$500. A bushel of coal was 7 cents, and 5 years later it was \$2. A pound of sugar was 18 cents, and 5 years later it was \$12.50. A pound of soap was worth 18 cents, and 5 years later it was worth \$8. A pound of candles was worth 18 cents, and 5 years later it was worth \$8. One cabbage was worth 8 cents, and 5 years later it was worth \$5.50. A pair of horseshoes was worth \$1, and 5 years later they were worth \$40. Twenty-five eggs were worth 24 cents, and 5 years later they were worth \$5.

This gives you just a little idea of how far price inflation can go.

Mr. RANKIN of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield to the gentleman.

Mr. RANKIN of Mississippi. Let me make the suggestion that in those countries they were doing just what we are now proposing, in trying to fix the prices of other things without regulating the volume of their money. They had uncontrolled inflation of their money, and there is nothing in this bill that will keep the Federal Reserve banks from issuing \$50,000,000,000 of money if they want to do so.

Mr. REED of New York. What I had in mind is this. I have great confidence in the committee that brought in this bill, but whether it is the Gore amendment or the other measure, it is a piecemeal, political bill. These are times that are so grave that it seems to me this Congress might divorce itself from political considerations. There is not a man on the committee who has not the intelligence and the knowledge, working with his colleagues who are equally intelligent, to bring in a bill here starting at the beginning. You are not going to get anywhere so long as these great powers of inflation are invested in the Executive. Even the Federal Reserve which, of course, is friendly to the administration, has urged this and it has repeatedly urged that these powers be repealed.

I am sure if you really meant business and would come in here with a bill starting at the beginning and going the whole length, while I do not suppose you could check inflation any more than they have in the other countries with their various devices, at the same time you could put on the brakes, you could slow it down, hoping that some time we could get back to a situation of normalcy, if I may use that much-abused word.

Now, what happened over there after this inflation? A complete moral and political demoralization of France resulted. Their industrial structure was absolutely demoralized and it took them from 50 to 75 years to reestablish it. It was simply the result of a lot of dreamers and theorists of that time and continued to devastate France until finally a man rode into Paris on a white horse and took charge of everything, but he had learned his lesson, and he conducted a 20-year war without tampering with the currency, without inflating it, but, instead, he put it upon a sound basis with a metallic base.

I believe in justice to the American people. This committee should take this bill back and settle right down to a study of the matter without political considerations and without pressure from the administration. Such a bill framed by the representatives of the American people may meet the situation without destroying our economic structure.

Mr. HOPE. Mr. Chairman, I move to strike out the last five words.

Mr. Chairman, some things have been said here this afternoon, both in the cloakroom and on the floor, which indicated that some members of this committee from agricultural districts thought that, perhaps, a little inflation might be a good thing. I simply want to take this opportunity to say that, in my opinion, no group or class in this country will suffer as much from inflation as those who are engaged in agriculture. They are not going to suffer right now. We will go right up to the peak of whatever inflationary period we may have, and agricultural prices will probably advance as rapidly as all other prices. This happened in 1920 when we reached the peak of that inflationary period. Agricultural prices were 105 percent of parity. In September of this year agricultural prices were 105 percent of parity. So I do not think we have anything to fear as long as this inflationary progress is going on, but where agriculture gets it is when the inevitable deflation begins. You do not have to refer to any figures. Every one of you can recall the deflation that took place in 1921, when agricultural prices dropped to almost one-half of what they were, but wages did not decline in any considerable degree at that time. The cost of living did not go down nearly as fast as agricultural prices. The same thing happened in 1929.

Mr. RANKIN of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I would rather not yield right now.

Farmers and other producers of raw materials were the ones who took the brunt. I have not much time, but I want just briefly to call your attention to the

fact that in 1920 agricultural prices were 211 percent of what they were during the 1909-14 period. Industrial wages were 222 as compared with the same period.

In 1921, after the deflation, industrial wages were 203, just a slight drop, and agricultural prices had dropped from 211 to 125.

The same thing happened in 1929. Agricultural prices then were 146 and by 1932 they had dropped to 65.

This is what always happens and this is what will happen in this particular case. What we are looking for, as far as agricultural prices are concerned, is parity and stability.

I favor the Gore amendment because I believe it will be more effective in maintaining stability of prices.

I favor it also because I believe it is fairer, and that an over-all control is the only effective and fair way to approach this problem. The higher the price the bigger the drops are going to be, as far as agricultural producers are concerned. Agricultural prices are in a good relationship now, though not perfect. We want some prices to get nearer parity. Unless agriculture is to be again deflated at the end of this period of rising prices, something must be done to keep down the general price level. I do not think the committee bill will effectively do this. Instead, all prices will continue to go up. The farmer's relationship will not be changed while this upward rise is going on, but when the inevitable depression comes, he will suffer as he has at the end of every other inflationary period.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. HOPE. Yes.

Mr. COOLEY. Does not the gentleman think that the machinery which is already provided by the farm program is sufficient to prevent inflation of prices of farm commodities?

Mr. HOPE. Yes; I think it will have that effect, to a certain degree, but what I want to do is to keep those prices in line with other prices, or rather, other prices in line with agricultural commodities.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. COOLEY. Mr. Chairman, I ask unanimous consent to strike out the last word and ask unanimous consent to proceed for an additional 5 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. COOLEY. Mr. Chairman, I believe that the American way of life is the real issue involved in this legislation. Our Government may not, in its present form, be a paragon of political purity, but at least we believe that it is worth defending. Long years ago this Government of ours was dedicated to the high and holy ethics of civilization and to the gentle arts of peace which minister to the welfare and progress of mankind. We have dedicated the genius of our generation and the rich resources of our Nation to the gigantic task of defending and preserving our ancient and beloved institutions of freedom. That is a gigantic task. We have heard much in the past 3 years about dictatorship, and the terrible thing about the present situa-

tion and the present hour is the fact that the Congress of the United States is here and now facing the issue of dictatorship on the one hand or the free American way of life on the other. There is not any mistake about that. Strange as it may seem to you and me who have long enjoyed the great heritage which has come down to us, Members of this House stand here and boldly assert that under these bills, or either of them, we will be establishing an economic dictatorship in America. When we establish an economic dictatorship in America, at that moment we establish a social dictatorship, because when you control a man's livelihood, you control his social status. I for one do not believe that the emergencies of this hour require us to surrender, or even to momentarily suspend the free institutions of this Republic. There is no compromise on the issue of dictatorship. You gentlemen on the left for 8 long years have talked about a dictatorship. Bless your souls, you are now face to face with the issue. This bill contemplates a regulation, a regimentation of every phase of American life. It destroys the competitive system, and the system of free enterprise and free commerce and establishes in its stead a controlled, yea, a completely controlled and managed economy. There never has lived a man great enough nor wise enough to administer the powers which these bills seek to confer. We are preparing to defend our institutions with our lives and our resources, and yet here we are asked to surrender by our vote that which we are by armed force preparing to defend, and that which is most dear to the heart of every American. But they say they are asking us to surrender it only for the duration of the emergency. Only God himself in His wisdom knows how long this emergency shall continue; but it occurs to me that if we surrender our rights and privileges under this bill as contemplated by it, we shall have very little left to defend. We will not have a Hitler nor a Stalin, but we will have a Leon Henderson or a Ginsburg. Let us face the issue and bring it to its practical application. The laws of my commonwealth require guardians and administrators and others in fiduciary capacity to rent real property at the high dollar at public auction and to sell personal property at public auction at the high dollar. Think of how this law will clash with the laws of my State and with the laws of other States of the Union.

This legislation has a thousand objectionable features. It is unworkable, unconstitutional, and un-American. It will completely destroy the farm program. I wish that time would permit a detailed discussion of this objection to the pending legislation.

The greatest agricultural crop of my section is sold on public-auction warehouse floors, and is sold as the result of competitive bidding. All of that will pass away with the enactment of this law. There will be no more public auctioning of tobacco. Oh, no. The auctioneer will have sung his last song. Mr. Henderson will say, "This you shall pay for this pile of tobacco. This and no more." Even though the companies may be willing to

pay more, he will by his edict say, "Oh, no." So the auction system goes out.

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. Briefly.

Mr. BUCK. Would your same observation apply to the public auctioning of fruit?

Mr. COOLEY. I do not know. I am not familiar with the method of selling fruits and vegetables.

Mr. BUCK. Fruits are generally sold in the major cities of the United States at public auction.

Mr. COOLEY. I assume that what I have said would be applicable to that situation.

Mr. BUCK. I should like very much to know that before I vote on this bill.

Mr. COOLEY. The fact remains that if Mr. Henderson fixes the sale price upon any commodity you may put it up at auction, and the minute it reaches that price level the auctioneer's hammer must fall. The sale is consummated, whether it brings a fair price or not.

Now, if we are not satisfied with America, if we are not satisfied with our way of life, if we must remake America, pray God, let us first preserve America, then remake it. This is an important bill. It is the most far-reaching and the most dangerous bill that has ever been introduced in the Congress.

Mr. PATMAN. Mr. Chairman, will the gentleman yield for a question?

Mr. COOLEY. Not now. In just a moment I will yield. The gentleman who just requested me to yield stood here this morning and denounced the Gore bill and admitted frankly that he did not like this type of legislation, and he said to us, "Yes. It is economic dictatorship." The distinguished member of the committee, the gentleman from Missouri [Mr. WILLIAMS], on yesterday, said "Yes. It is economic dictatorship. You cannot have price control without dictatorship."

Now you have the question before you. Are you going back home to your districts and say, "I have embraced dictatorship. I have abandoned the American way of life. I have destroyed the free institutions of America"? I, for one, am not willing to embrace either of these bills. [Here the gavel fell.]

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I move to strike out the last five words and I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. The gentleman from Minnesota asks permission to proceed for 5 additional minutes. Is there objection?

There was no objection.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I was extremely pleased with the expression of my distinguished friend the gentleman from North Carolina [Mr. COOLEY]. He tells us now that we are facing a dictatorship in the United States if this bill is enacted into law. He also reminds us that we have been talking against dictatorship for the past 8 years. I am happy that he has seen the light and that he is now joining with other Americans to keep the American way of life for our people.

I am inclined to go along with the philosophy of our distinguished colleague

the gentleman from Michigan [Mr. CRAWFORD] on this bill. I feel that this legislation does not get at the source of the causes for inflation. If there were no danger of inflation this bill would not be before us, unless it is for the purpose of taking away the power from Congress and giving it to some bureaucrat in the Government service.

The proposed committee bill does not remove the direct cause which may bring inflation. If we fear inflation, and I do, Congress should recommit this bill to the committee. A new bill should be reported removing the causes for inflation. The new bill, to be effective, should contain the following mandatory provisions: First, repeal the authority which gives the President the power to further devalue the dollar; second, repeal the law which gives the President the authority to issue \$3,000,000,000 in greenbacks; and, third, limit the amount of Government obligations held by any bank, thereby limiting the loanable reserves in banks. The full power to fix and regulate the value of money should be definitely restored to Congress, as provided in the Constitution.

In my opinion, the greatest inflationary threat now confronting the country is the power lodged in the President to devalue the dollar to 50 percent of its original value. We now have more than 650,000,000 ounces of gold under control of the administration. By a stroke of the pen the President can clip another 9 cents from the value of the dollar and take a profit of over \$5,000,000,000 by boosting the price of gold. This manipulation at the expense of the American people, plus the silver-purchase fiasco, plus the power to print \$3,000,000,000 in greenbacks, is the main inflationary threat and the real cause for inflation. The repeal of these powers will remove the threat of inflation. The price-control bill before us will be of no value in the stopping of inflation if the action I have suggested is not taken.

I understand that the administration is proposing a licensing system so that every individual engaged in marketing—in buying or selling of commodities, will be placed under Federal license. In my opinion, the power of any official to issue or revoke a license is the power to destroy. The edict of one individual, without any review, can put any businessman or farmer completely out of business.

I am not so much concerned about the men in big business in our country. They will take care of themselves. But I am concerned with 184,000 small businessmen engaged in the manufacture of products for the American people. I am concerned with several hundred thousand small wholesalers and retailers who are trying to eke out an existence from the small business that they do. All of them will be put under a license by a Federal bureau which license may be revoked if they do not do exactly according to the edicts of Mr. Henderson or whoever may administer the law.

It looks to me that some of our bureaucrats who have the idea that they must remake America, are reaching out through this legislation to accomplish their objective. For if they control the

business of an individual and have the power to put him out of business, knowing that he does not have the wherewithal to go to the courts, the recognize that they can absolutely do away with his existence in our society. Possibly the big businessmen would welcome having the small operators go out of business, because then they would become larger and do business on a larger scale. Perhaps that is what the administration wants in this legislation. Perhaps they just want to make this as a part of the priority system, where they are denying materials to small manufacturers who are engaged in civilian production, and putting them out of business, which of course will make the big fellows bigger. They now come with this licensing system and price control, which also place a penalty upon the small businessman who is unable to protect himself. If they want to make the big businessman bigger, which they will do with this legislation and with the priority system, they will have the big businessman just where they want him. Most of the big businessmen have surrendered to the policies of the New Deal, anyway, for selfish or other reasons.

When the time comes to put the screws on, the bureaucrats then will tell the big businessmen, "Now, you do as we tell you or else—or else we will take you over." That is a part of the dictatorial scheme to remake America. All of this power and authority centralized in the bureaucrats down here has been gradually eked out of Congress, not according to the intent of Congress but after laws have been passed by the subservient majority here, these bureaucrats have interpreted the law according to the way they want it, and their decrees have the force and effect of law. Those bureaucrats are now running the affairs of America.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. CRAWFORD. In connection with the remark the gentleman just made, I think one of the strongest supports it is possible to find for his contention is in the statement made by Mr. Purcell, a member of the Securities and Exchange Commission, before the Detroit Economic Club only a few days ago. Certainly if they can bring industry within the hands of a few corporations, it will facilitate the entire approach which Mr. Purcell strongly recommended.

Mr. AUGUST H. ANDRESEN. I thank the gentleman.

Our business as Representatives of the people should be to protect our great American middle class, the backbone of our country. If we do not do that now, God pity the future of America.

Mr. STEFAN. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. STEFAN. Is it the gentleman's understanding that under the licensing provision of this bill it would affect the small merchant, the shoemaker, and also the farmer who occasionally goes to the edge of his property to sell some of his produce at the roadside?

Mr. AUGUST H. ANDRESEN. Everybody who deals in a commodity upon which a price ceiling is put by the

Administrator—and that would take in everybody, because they are going to reach out into every part of our economic structure.

For 9 years now this administration has sought to bring about inflation by every conceivable policy. They have reduced the acreage of farm products by more than 50,000,000 acres, and it is not necessary for me to repeat that some 7,000,000 or 8,000,000 pigs were killed in order to bring about a scarcity. This was all done to bring about an inflation, but in spite of this and the unsound monetary policies the administration could not bring about an inflation psychology. The price levels did start up in 1936 and 1937. But you will recall that along in March 1937 the President made a speech and said that the prices of commodities were going too high, and they started to go down. It did not take any legislation in Congress to do that. We went into a recession and the recession stayed with us until we came into this new war era which we are now in and which faces the American people.

There is no scarcity of farm commodities in this country. We have 2 years' supply of wheat on hand, and if the price of wheat goes too far above the parity limit—wheat is selling in Canada for 38 cents under our market—Mr. Morgenthau has threatened to cut the tariff on Canadian wheat from 42 to 21 cents a bushel and throw Canadian wheat on our markets to halt price rises. We have over 20,000,000 bales of cotton. We have plenty of tobacco. We have over 3,000,000 bushels of corn. The beef and pork reserves are the highest in the history of the Nation. The only thing on which there may be a scarcity is dairy products and eggs, because we are called to ship those products to England under the lend-lease program.

[Here the gavel fell.]

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. COFFEE of Nebraska. Mr. Chairman, will the gentleman yield for a correction?

Mr. AUGUST H. ANDRESEN. I yield.

Mr. COFFEE of Nebraska. The gentleman made the statement that beef was higher than at any time in history. I am sure the gentleman did not mean to say that.

Mr. AUGUST H. ANDRESEN. I meant the largest volume of beef and pork in the history of the country.

Mr. HOOK. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I am sorry, I have only 2 minutes.

Let me point out another thing, that we have had an inflationary policy in connection with the operation of the Federal Government. There has been no scarcity of Government workers. When the New Deal took over control in March 1933, we had 540,000 employees. In March 1940 we had 949,000. In September of this year we had 1,444,000 as against 540,000 in March 1933. So, in

addition to putting on a large personnel, maybe for governmental purposes—but we are somewhat suspicious about that—there has been a decided inflation in Government personnel as well as in Government expenditures, and today we are operating under the highest expenditures in the history of the country both for nondefense and defense items to make America strong.

It is estimated that we shall have at least 2,000,000 Federal employees before the end of the year. If we are to have inflation and if there is a threat of inflation, one would almost think there should be a scarcity in this country. There is, however, no scarcity of farm products and there is no likelihood of there being a scarcity.

It therefore looks to me that those who are advocating this legislation are doing so to secure additional power and control over the affairs of the American people. This Government of ours does not belong to the Chief Executive or to the bureaucrats; no, it does not belong to them. It belongs to 130,000,000 Americans, and we should save it for them and defeat the plans of those who seek to remake our American way of life into one of regimentation and dictatorship.

Mr. HOOK. Mr. Chairman, I move to strike out the last six words.

Mr. Chairman, I was rather surprised at the remarks of the gentleman from North Carolina [Mr. COOLEY] when he said that he was interested in retaining the American way of life and because of that he was opposed to this method of regimentation. I want to recall the day of August 5, 1941, when he and others placed on the statute books of this Nation a bill which, in my opinion, started us on the way to national socialism. I refer to the property-seizure bill. He did not seem to worry about the American way of life then.

We have gone step by step toward the war, bringing this Nation to the point where we must recognize, if we are reasonable men, that we are to all intents and purposes in this war at the present time. Of course, it puts me in mind of an iceberg—only three-tenths shows above the surface and seven-tenths is below the surface. The three-tenths is actual physical conflict and seven-tenths is economic warfare. You want to remember that there are practically four systems of government.

There is national socialism, fascism, communism, and democracy. For the matter of argument, fascism and national socialism can be placed in the same category. The state controls all, the individual has nothing to say, but they do recognize the right of profit and the capital system. In communism they do not recognize the right of property, they do not recognize the right of capital, but the state controls all and the individual has no standing. But in a democracy we the people are supposed to have something to say.

What brings about national socialism? What brings about fascism? An economy of scarcity. This condition exists and has existed in central and southern Europe for the last century. A democ-

racy can only exist in an economy of abundance, such as we have in America. Our natural resources must be conserved so as to maintain an abundance. I was interested in the statement of the gentleman from Minnesota when he said there was no scarcity of farm products. Well, if there is no scarcity in the necessities of life, then we should, in order to stop these high profits and the high kiting of prices, put something on the books that will hold the prices to within reason. I submit that if there is no scarcity, then there is no reason for the increase in cost of living; therefore the necessity for this bill.

I have fought against this trend toward national socialism, but, as I say, step by step we have come to the point where we must meet the issue, and in order to meet that issue we must realize that in this great national-defense program we are going to be faced with an economy of scarcity, and in an economy of scarcity we must put the brakes on the profiteer. There is only one way to control the prices in this Nation, and that is through drastic measures, and by just the sort of measure that is presented by the Banking and Currency Committee today.

I did not want to see it come. Many of us did not want to see it come. We tried to fight against it, but we are faced with reality today; we are faced with the problem of fighting for and building a national defense; we are faced with the proposition that our Nation must meet that thing which we have stepped into; and there is only one way to meet it, and that is with drastic measures, as is presented by this bill today. I grant that this bill will give the Administrator and his staff the authority to control the economic destiny during this national emergency.

I am not being misled into the thought that this legislation, or the administration of it alone, will effectively control prices, but realize that the people themselves—the wage earner, the consumer, the grocer, and the average American citizen—will be in himself or herself the real policing power which will make it effective. I say that, because the War Industries Board in itself was not so effective, but the people themselves who reported to the officials in charge of the activities of their neighbors whom they thought were, in an un-American way, doing things which were destined to destroy the purposes of the legislation.

We must have this legislation to save the middle class of taxpayers, or the small businessmen, if you please, because if we do not have a control of prices the burden of taxes will be such as will destroy them. What good will it do for us to appropriate money for guns, ammunition, lease-lend, or anything else if the prices and profits go so high that we can get very little for our money?

Oh, some say we must have control of wages. To those let me say if we have control of prices and control of the cost of living, so that the housewife will be able to manage and feed her little flock, we need no control over wages. The laborer and wage earner is not a profiteer, he is not unreasonable, he is patriotic and will not strike if his wages are

such as will give him a decent and honest living. Therefore, if you wish to stop strikes, stop the rise in the cost of living and give the laborer a fair wage for his services. This will mold national morale in the interest of national defense. Let us enact this legislation without wage control and at least give us a start toward solving this high cost of living. I want to warn this House, however, I will not support any legislation which will carry control over wages, which, in my opinion, will take away the right of strike. I favor the committee bill as is. I am opposed to the Gore amendment. The committee bill should be adopted.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, may we not reach an understanding as to the time to be used in debate on this amendment?

Mr. WOLCOTT. Will the gentleman suggest a time?

Mr. STEAGALL. May I ask the gentleman if we can agree on 30 minutes?

Mr. WOLCOTT. I wonder if we may not find out how many want to speak on the amendment.

Mr. STEAGALL. How much time does the gentleman want on his side?

Mr. WOLCOTT. I have suggested as a guide to that that we have a showing of the hands by those who want to speak on the Gore amendment.

Mr. WILLIAM T. PHEIFFER. I have an amendment to the amendment that I desire to offer. I thought perhaps the gentleman would like to take that into account.

Mr. STEAGALL. Can we say that the debate on this amendment and all amendments thereto close in 40 minutes?

Mr. GORE. Will the gentleman confine the request to this amendment? Somebody might want to offer a very important amendment.

Mr. STEAGALL. I am wondering if we may not have an understanding as to when the debate will end.

Mr. H. CARL ANDERSEN. Can it not be arranged that each of the gentlemen on their feet receive 5 minutes? If there are only eight, I am agreeable to 40 minutes personally.

Mr. RAYBURN. May I suggest to the gentleman that I know of one member of the committee who has not had time on this bill or any amendment thereto. If the gentleman from Alabama feels like it, and it is agreeable to the House, I would like him to include in his request enough time for the gentleman from Arkansas [Mr. MILLS] so that he may have 10 minutes. I would suggest that if we get to a vote on this matter by 4 o'clock it would be satisfactory.

Mr. STEAGALL. May I suggest in that connection that the gentleman from Arkansas have 15 minutes.

Mr. GORE. I believe the gentleman from Arkansas should have it and he will make a wonderful and able contribution. The gentleman from Michigan [Mr. CRAWFORD] has likewise not spoken and he is a member of the committee. Would not the gentleman accord him the same treatment?

Mr. STEAGALL. The gentleman from Massachusetts [Mr. GIFFORD] has spoken and he only wants 5 minutes.

Mr. GORE. He has not spoken on this amendment.

Mr. STEAGALL. He only wants 5 minutes.

Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 1 hour.

The CHAIRMAN. Permit the Chair to submit a suggestion to the gentleman. The gentleman asks unanimous consent that all debate on this amendment and all amendments thereto close at 4 o'clock, the last 15 minutes to be allotted to the gentleman from Arkansas [Mr. MILLS].

Mr. STEAGALL. That is satisfactory.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama [Mr. STEAGALL]?

Mr. CASE of South Dakota. Mr. Chairman, reserving the right to object, with the understanding that the gentleman standing will have the balance of the time among them.

The CHAIRMAN. In reply, the Chair will say that a list is being made of those standing; and if an agreement is reached, the Chair will call the names of those listed. Is there objection to the request of the gentleman from Alabama [Mr. STEAGALL]?

There was no objection.

Mr. WILLIAM T. PHEIFFER. Mr. Chairman, I offer an amendment to the Gore amendment.

The Clerk read as follows:

Amendment offered by Mr. WILLIAM T. PHEIFFER to the amendment offered by Mr. GORE: On page 26, lines 13 and 14, after the word "after", in line 13, strike out "June 30, 1943" and insert "December 31, 1942."

Mr. WILLIAM T. PHEIFFER. Mr. Chairman, this amendment is germane to the Gore amendment to the Steagall bill and also to the Steagall bill. Further, in the event the Gore amendment is not adopted, I will again offer this amendment when the main bill is again taken up for consideration by the House.

At first blush this may appear to be a minor amendment, but there are certain compelling reasons for its adoption. These reasons are such as should be convincing to the gentlemen and gentlewomen on both sides of the aisle, and my appeal is so addressed.

I hope you will not think I am immodest in making the statement that I am injecting one new thought into this debate in connection with the period of time within which this act shall be effective. I have not heard a speaker during the last 2 days of debate who has not vigorously and earnestly decried the necessity of enacting legislation of this sort which in its very nature is diametrically opposed to our free American system of government. Assuming that we all see eye to eye on the premise that such a drastic bill is made necessary by the exigencies of the moment and to cope with the existing emergency and that it is a bitter pill for the American people to swallow, it seems elementary to me that we are charged with the duty of holding a tight rein on the time within which all business transactions of our country are to be regimented—and I pause here to say that both the Steagall bill and the Gore amendment are replete with plain,

stark regimentation. I am convinced that we will rue this day if we provide that the emergency powers embodied in this legislation shall extend to the distant date of June 30, 1943.

We are getting ready to blaze a trail through a virgin forest. In my judgment, we should not vest any administration with such unexampled and dictatorial powers for longer than one calendar year. This particularly applies to an administration like the third New Deal, which has many times given unmistakable evidence of the fact that it has a penchant for making use of a measure like this as a many-seated vehicle for excursions into the field of socialistic experimentation.

The statement was made during debate yesterday that there would be no "blue eagles" fluttering from the windows. Perhaps not, but the purple buzzards or the yellow hawks, or whatever you care to call them will be flapping their wings over every home, shop, and factory of our country when the licensing feature of this price-control measure is placed in operation under a bureaucratic administrator. The small businesses of America are still licking the wounds inflicted by the moribund N. R. A., and here we are preparing to saddle the country with an even more horrendous system of government regulation.

Coming down to the second reason for my amendment, may I point out a fact that may have escaped the attention of the Committee on Banking and Currency in connection with its decision that this legislation should remain in life until the end of the Government fiscal year 1942 instead of the end of the calendar year 1942. This bill is for the regulation and supervision of the small business of this country as well as of the large business. How many small businessmen do you know who keep their books or conduct their affairs on the basis of a fiscal year? In truth and in fact the great majority of them make their contracts, establish their budgets and conduct all their other operations on a calendar-year basis. Why saddle them with the needless burden of having to make their plans to operate under a bill which expires in the very middle of their calendar year?

In the name of common justice and in the name of common sense, it occurs to me that we should, for the purpose of preventing economic dislocation and confusion in the ranks of business, enact this measure for only 1 calendar year. Have it expire at the end of 1942, and then let us make a resurvey of the situation to see whether it should be extended for 1 more calendar year. I anticipate that it will be argued, in opposition to my amendment, that I am conjuring up eventualities which will never eventuate, in view of the fact that the committee, or Steagall bill contains a proviso that the powers thereunder shall terminate prior to June 30, 1943, on proclamation by the President or by action of the Congress. That would no doubt ordinarily be sound reasoning, but I consider it a specious argument in the light of the country's bitter experience that once extraordinary powers are vested in the New Deal

administration, they are never surrendered, despite any change in economic conditions. The feasibility of either of the price-control bills before us this afternoon must necessarily be determined by a process of trial and error. If my amendment is adopted, this Congress will be in position to perfect and refurbish this same legislation in the light of the experience gained during the 12 months of its administration and reenact it in suitable form in ample time before the beginning of the 1943 calendar year, providing the emergency conditions of the present day then still obtain.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. BUCK].

Mr. BUCK. Mr. Chairman, I should like both my Democratic and Republican friends to give some attention to what has been proposed, both in the Gore amendment and in the committee bill itself. I have before me at the moment only the committee bill. I am going to discuss the question of what is going to be done to agricultural commodities.

If you have a copy of the bill before you, I ask you to turn to the bottom of page 7 and read the following:

That in the case of any agricultural commodity other than the basic crops—corn, wheat, cotton, rice, and tobacco—the Secretary shall determine and publish a comparable price whenever he finds, after investigation and public hearing, that the production and consumption of such commodity has so changed in extent or character since the base period as to result in a price out of line with parity prices for basic commodities.

You know we went through a period when grapes, which are produced very largely in California, were worth practically nothing because of the prohibition era. This was true in New York, it was true in Michigan, and it was true in other States. Now, let us be honest about it. How is the Secretary going to find any comparable price on a commodity such as that? I am here to tell you today that you cannot by this legislation do justice to the grape grower under any circumstances whatsoever.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. BUCK. I will if the gentleman will give me a little more time.

Mr. PATMAN. I have no power to give time. Is grape an agricultural commodity—it is, is it not?

Mr. BUCK. Yes, grapes are an agricultural commodity and so is wine, because there is no commodity that is produced that is more agricultural than wine. You know very well there is not even water added to the grape product. It is an agricultural commodity that has not anything added to it, not even water, as beer has.

Mr. PATMAN. Mr. Chairman, will the gentleman yield further?

Mr. BUCK. Yes.

Mr. PATMAN. The gentleman has three protections under this bill, the price October 1, 1941, parity price, 1909–14, and the average price between 1919 and 1929, and one of those prices should certainly take care of the gentleman's product.

Mr. BUCK. It certainly would not. I have the highest regard for the gentle-

man from Texas, but the gentleman knows very well that the grape products of California, New York, Illinois, and other States have suffered under the effects of prohibition for 15 years. They are just beginning to get back to the place where they can make a little money.

[Here the gavel fell.]

The CHAIRMAN. The gentleman from Minnesota [Mr. H. CARL ANDERSEN] is recognized.

Mr. H. CARL ANDERSEN. Mr. Chairman, 10 months ago there were many of us here in the House who voted against the lend-lease bill. For what reason? Not because we did not want to give all possible aid to democracies fighting aggression but because of the vast power contained in that measure. We felt it delegated to one man the authority to drag this Nation into undeclared warfare. Today we are practically at war. The occupation of Iceland without sanction of Congress was justified because of implied authority delegated to the President under the Lend-Lease Act.

Today we are asked by the administration to place in the hands of one man, later to be appointed by the President, sufficient power and authority to practically kill all private initiative in our Nation. Yes; we are asked to give Leon Henderson this power—power which may well drag our Nation into economic chaos.

The remarks yesterday by the gentleman from Texas [Mr. DIES] relative to the Communists holding high positions in the organization of Leon Henderson should be very carefully weighed here today.

After listening patiently for nearly 3 days to the debate on this proposed legislation, I am absolutely convinced that this one-man dictatorial control of our economy is foreign to the American way of life. It is too much in line with the teachings of Communists and Fascists, hundreds of whom today, unfortunately, work for our Federal Government, while it has been difficult for real Americans to make a living.

This bill, in my opinion, gives to the administration a strangle grip over small business, agriculture, labor, and economy in general in America. It does make one exception, however. The cloak of sacredness is thrown over large industry and the bill does nothing whatsoever to take care of excess profits. I want all business to get a fair return on the investment. I do not want to tax business out of existence. Industry is entitled to 10 percent on its investment just as well as the farmer is entitled to a little profit—yes; even 110 percent of parity. I cannot agree to vote for a ceiling on the farmers and wage earners, as in this Gore amendment, while no provision has been made in this bill to keep industry's profits down to a reasonable level.

Are profits for big business so sacred to this House—to the representatives of the American people—that you fear, my friends, to include a provision here that would clamp the lid on such? Will you, without compunction, see to it that the small fellow is kept penned up while the large hog runs wild?

We have heard here a lot of talk about high prices of agricultural prod-

ucts. The corn I have on our home farm in Minnesota would sell today for 56 cents per bushel. Parity for corn is now at least 82 cents per bushel. Surely you men who claim agriculture today is enjoying high prices are, to say the least, misinformed as to the true facts.

We also have a few hundred bushels of wheat in the granary on that farm. What is our local elevator able to pay me for that wheat today? Not the much talked of 110 percent of parity, or \$1.32 per bushel. No, my fellow Members; that wheat will today sell for 97 cents, which is considerably below parity, let alone 110 percent of parity.

And yet you see editorials without end in the eastern press, editorials written by men who in all probability have never known what it is to try to make a decent living on farms, men who in this particular case know very little about what they are writing, expressing the opinions that farmers today are profiteers and are receiving great, high, speculative prices for what we produce. I have yet to see any editorials in this press suggesting the advisability of holding down the new crop of war millionaires springing up in America today.

I see nothing in this bill that prevents collapse of prices of farm commodities. You talk about a ceiling, but is there any guaranty to agriculture or labor that fair prices will be maintained and fair wages paid? I have heard the assurance that excess profits will be taken care of in later legislation. I heard the same kind of assurance last week concerning legislation designed to prevent strikes in defense industries. I am becoming pessimistic about these promises.

This proposed legislation before us today can very well wait until the great Ways and Means Committee, in my opinion, shows some willingness at least to see to it that excess profits on these billions of war contracts are returned to the United States Treasury. If such a provision were in this bill, I would be willing to go along and say, "Yes; you can also place a limit on wages and farm commodities as long as you are treating all groups alike. We are willing to do our part."

Mr. Chairman, I shall vote against both of these proposals, the Gore amendment and the Steagall bill, because they are both unfair to the wage earner, to the farmer, and to the small businessman, while industry's profits run riot. Furthermore, this is totalitarianism. We in America want no one-man control of our destiny.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. FLOESER].

Mr. FLOESER. Mr. Chairman, after listening to 2 days of debate on the subject of which form of price control, either the Steagall or committee bill, or the so-called Gore bill, should be adopted, I am impressed with one outstanding thought. Most proponents of either of these bills are simply assuming that inflation is the most horrible thing that could happen to any nation or society of people. The chairman of the committee took a great deal of time on this floor to speak in generalities and fur-

nished little argument, if any, to justify a movement on the part of this Congress to establish an over-all management of the last free phase of our economy. The gentleman from Tennessee [Mr. GORE] today presents the form of his bill in the form of an amendment to the committee bill. Yet Monday, in his detailed explanation of the reasons for his bill, one was forced to come to the conclusion that his was a situation where a smattering of knowledge proved more dangerous than full comprehension of the subject. I certainly do not want this House to think I am holding myself out as an economist, and I do not. But in seeking a solution for this problem I have first tried to determine what is the problem. The problem is apparently a tremendous fear on the part of the administration of inflation. This fear has been built up in the public mind by the press as though it was the most disastrous thing that could befall any nation.

The facts are that this administration has made move after move to cause inflation before and during the war effort. Controls over our money and credit systems now lodged in the President are inflationary and were intended as such. The absolute disregard for the rapidly increasing debt is inflationary.

It has been the intention of this administration from the beginning to bring about certain forms of inflation. As the gentleman from Illinois [Mr. DEWEY] pointed out on the floor of this House, the administration has spent billions of dollars to bring about inflation. Now, suddenly there is a great popular feeling expressed in certain quarters that the horrible orgy of inflation is about to overtake the economy of this Nation.

There are two economists in America—by citing two I do not mean there are not more—but there are two for whom I have a great deal of respect on this subject. To these two men I have recently addressed an inquiry, as follows:

Do you believe it wise to enact any price-control legislation at the present time?

If any price control—should it, in your opinion, embrace commodities, wages, rents, and services?

These questions were addressed to Dr. Melchior Palyi, of Chicago, Ill., and to Dr. Walter E. Spahr, professor of economics, New York University, and secretary, Economists' National Committee on Monetary Policy. Both of these gentlemen are members of the Economists' National Committee on Monetary Policy and both are recognized as men of intense experience and ability in the field of economy and finance. In the order which these men have been named, I extend their replies to my questions:

Dr. Palyi:

1. Price control is necessary for all articles which are short (and would therefore rise in price) and which are essential from the point of view of consumption or defense.

2. What is short or not is difficult to define. For practical purposes, price control can be avoided in most cases by the appropriate control of inventories. If the Army, the Navy and the large industrial firms would be compelled to relinquish their inventories of raw and similar materials over and above what they need for actual production within, say, 2 or 3 months, we would

not need price control, except in a few fields, for some time to come.

3. Price control, so far as needed at all, is only effective if it is combined with rationing, or systematic allocation of the products among those who deserve receiving them. Either priorities or direct allocation is essential to keep controlled prices from running away—for some time.

4. Price control is definitely disadvantageous in industries in which the production of vitally important articles could be stimulated by higher prices. In such industries, price inflation would help to create more production, and thereby to eliminate shortages and to avoid more inflation. In other words, inflation is sometimes the best medicine against inflation—paradoxical as this may sound. For example, if one permits the copper price to rise, there would be more copper produced, which would eliminate the shortage in a number of industries, which in turn would reduce the fear of shortages, and the inflation trend in general.

5. Price control is absolutely necessary where the Government itself raises prices, such as in the agricultural field. Imposing a ceiling there is the most important thing to be done to prevent much more inflation.

6. As to wages, the situation is somewhat similar to that of farm prices. The trouble is that an absolute ceiling is nonworkable, and that under our political conditions no ceiling would create the risk of unlimited wage raises. The answer is to make wages absolutely dependent on the cost of living, in accordance with the theory that nobody should profit by the war emergency, but that living standards should be approximately maintained.

7. Rents need to be controlled only where there is a shortage of housing. In other words, discretionary powers must be given someone to apply a ceiling on rents in one place and not in another.

In short, some amount of price control is necessary but the bureaucratic method of all-around ceiling as applied in Canada is, in my opinion, just silly.

Prof. Walter E. Spahr:

It is my opinion that it would be wise to enact price-control legislation at this time if the legislation provides for selective price control, and if this control be exercised only where it is clearly established that a rise in prices will not induce greater production. I know of no principle regarding price control that is defensible, even in an emergency, except the one I have stated, and I shall use it to answer your other questions. The basic consideration is greater production, both defense and nondefense; it is not a stable price level.

Wages should not be fixed in those cases in which there are unemployed people who can be drawn into the wage groups where price fixing is contemplated, and in no event should it be applied except in those industries in which the prices of the products have been fixed. I should apply price fixing to rents only in those housing areas where there is no good reason for increasing housing facilities because of the temporary character of the housing shortage and where, consequently, the owners have a monopolistic advantage.

After a careful scrutiny of both the Steagall and Gore bills, I find that neither satisfy the apparent needs without the setting up of evils far more damaging than any of the benefits expected or hoped for.

I came to this sort of a conclusion: With a managed currency, with the establishment of priority control over material supply, the establishment of a price-control system would now bring to

an absolute end the free economy upon which the American prosperity has been built in the past. Productive incentive would naturally come to an end. The over-all plan is most destructive, with priority closing out nondefense industry. We as a nation are playing a game of an over-all war economy, which to me seems to threaten us more than probable injurious results brought about through the reasons for and perils of inflation. It would seem to me that we had better "run the rapids" of inflation with limited controls than to risk the "coma" of over-all management. In this debate the case for price control has been very poorly made. It is not supported by historical precedent. Conversely, history gives us every reason to believe it cannot succeed. Even the arguments presented by our economists throw particular light on a very paradoxical situation. If the sincere purpose of those who have espoused the cause of inflation is now to control inflation, then why not take the A B C steps by repealing the inflationary laws that are on the statute books at the moment:

First. Drastic reduction of nondefense expenditures. I believe firmly that every dollar of nondefense expenditures that is not necessary should be immediately eliminated. The proponents of price fixing in this House have done absolutely nothing in this direction. The proponents of price fixing in the administration have done nothing in this direction.

Second. Every possible encouragement should be given to production in nondefense as well as defense industry. This, in my opinion, calls for a percentage allocation such as I have recently recommended for the Office of Production Management. It should not be forgotten that a rising price index is a very definite encouragement to production.

Third. In the program of heavy taxation which has already begun and which will necessarily follow in greater proportions, we must be careful not to let it either take the form or weight that will prevent an expansion in production. Taxation can be just as destructive as a sharp rise in prices, resulting from a weakening of a currency. Moreover, Prof. Walter Spahr points out, and I believe it to be true, that taxation as a means of fighting inflation may become a destructive obsession, as it already appears to be in this country.

Fourth. We should immediately repeal all of the inflationary monetary laws on the statute books. This has been repeatedly called to the attention of the Congress, the administration, and the people by leading economists and leading business authorities. On September 30, 1941, 54 monetary economists recommended "again the repeal of the greenback law of May 12, 1933, the law authorizing bimetalism, the Silver Purchase Act of 1934, the law providing for the purchase of domestic silver above the market price, and the laws authorizing the devaluation of our metallic currency." In this current year the Congress has been guilty of reenactment of these inflationary statutes. It is certainly strange that a government that cries out in fear of inflation refuses to strike from the statute

books monetary laws which are feeders for inflation.

Fifth. There are instruments of control at the discretion of the Federal Reserve authorities. These instruments should be employed according to conventional principles of good central banking to keep inflation within bounds.

Sixth. The debt. There is no attempt on the part of this administration to hold down the rapid increase of the Federal debt.

In conclusion I again call your attention to the fact that there is no historical background that justifies any modern-day belief in price control legislation for this Nation. On the other hand, there is much to learn from history to teach us that such controls will inevitably result in a chaotic condition.

I have some fear of inflation, but it is minor to my fear of the destruction of our present free economy, once this Nation enters into a full nationalistic course of over-all price control and economic management.

Mr. SHAFER of Michigan. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD at this point.

The CHAIRMAN. Is there objection? There was no objection.

Mr. SHAFER of Michigan. Mr. Chairman, during the past 50 years we have witnessed many changes in the political and social economy of the United States. Almost unnoticed, however, has been the encroachment of government upon the rights and liberties of the people guaranteed by the ninth amendment to our Constitution.

The ninth amendment unequivocally provides:

The enumeration in the Constitution of certain rights shall not be construed to deny or disparage others retained by the people.

Mr. Chairman, this amendment is the cornerstone of individual initiative and free enterprise. It is the barrier that stands between a free people and some form of the socialistic state. Yet in spite of this barrier, for over 50 years the people have been losing their liberties by judicial decisions and by legislative enactments.

Today, sir, if "we the people" remain indifferent to the centralization of non-national powers in the National Government, or some one or more bureaucratic agencies of the National Government, we will in truth approach that status which Jefferson and Madison both described as "precisely the definition of despotic government."

Mr. Chairman, in the early days of the New Deal there were men high in the councils of the administration who believed that the American system of free enterprise was outmoded. I remember well how the Government was persuaded to invest \$65,000 a few years ago so that Mr. Tugwell's Resettlement Administration could set up a pants factory in the Westmoreland homestead project at Mount Pleasant, Pa., 30 miles southeast of Pittsburgh.

In those days the social planners wanted the Government to get into the manufacturing business. When all the schemes of this type proved a failure, the "brain trusters" moved to new and per-

haps more fertile fields. Now that it is apparent that the Government has no present intention of going into business, on any appreciable scale, the next step in the socialization of America would be for the Government to control all business. Now it is apparent, too, that there can be no control without price control. Since I am unalterably opposed to any form of either socialism or totalitarianism, I am opposed to price control as now proposed.

AN AMERICAN POLICY NEEDED

Mr. Chairman, the great need in this tragic hour is an American economic policy. A policy based upon the natural resources of the Nation and the productive capacity and the inventive genius of the American people.

I distrust and fear these alien ideologies that are creeping into our social and economic system. I have every confidence in the ability of the American people to produce all the food, all the tools, all the guns, and all the ammunition necessary to defend our Nation against any aggressor or combination of aggressors. But, Mr. Chairman, if we are to revamp our whole economic life, if we are to regiment the American farmer and businessman, just to engage in military or social adventures across the oceans, if we are to set up in this Nation a counterpart of the totalitarian system, if we are to bleed the American people white for the benefit of other peoples, then we had better abandon our undeclared war against Herr Hitler and devote our energies to preventing a civil war right here at home.

I do not believe the American people are ready for regimentation, state socialism or any "ism," other than Americanism. We must cling to the Constitution and the Bill of Rights. We must reassure the American people that their liberties are not going to be sacrificed upon the altar of a new imperialism.

In the past 2 days several Members of this House have voiced their confidence in the men who will head this office of price control, should this measure be enacted into law. I am sorry I cannot share in that confidence. After listening to the gentleman from Texas [Mr. DIES], I can say with all candor I have no confidence that this act will be administered in the interests of the American people and the republic, but I fear it will be administered much after the style of Joe Stalin.

There is an old Latin adage, Mr. Chairman, "Obsta principis"—resist the first beginnings. Do not let tyranny of government get a fresh start. Thomas Jefferson recognized the grave dangers which were in store for the Nation when he wrote:

In question of power, then, let no more be heard of confidence in man but bind him down from mischief by the chains of the Constitution.

Mr. Chairman, I have referred to the ninth amendment. I believe, if we cling to the Constitution, to the ninth amendment, we will be wise. I cannot in conscience support this legislation.

Mr. TALLE. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD and include a letter having to do with 4-H Clubs.

The CHAIRMAN. Is there objection? There was no objection.

Mr. PATMAN. Mr. Chairman, I make the point of order that there is no quorum present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and sixty-five Members present, a quorum.

Mr. COFFEE of Nebraska. Mr. Chairman, several weeks ago I made my position clear on this price-control legislation. I fear the arbitrary power that will be delegated under this bill to one man. It will be such dictatorial power that we may lose our system of free enterprise completely. Under this bill I fear we will gradually move into a controlled economy similar to that which they have in Nazi Germany today. None of us wants inflation, but as between the threat of inflation or the threat of a controlled economy, from which we may never extricate ourselves, I will choose the threat of inflation. We know that practically every time this Congress has delegated power to meet an emergency, that power has gone far beyond the intent of Congress.

I fear this legislation. I am against both bills. Let me call to your attention now an example of how this may adversely affect a good many livestock producers and feeders. Seventy percent less cattle are going into the feed lots in the Corn Belt this fall than last fall. Why? Because cattle feeders fear the future market. This fear is influenced by this threat of price control. They are afraid to buy cattle and put them in their feed lots. Many farmers prefer to sell their corn to the Government. Unless we can give those feeders some assurance that they will not be forced to sell their fat cattle or lambs at a loss they are not going to take the chance. Who will be the loser? The public. The Secretary of Agriculture has already indicated that he wants increased marketing of livestock. The parity-price formula does not fit the livestock industry, because it gives no consideration to the cost of the cattle purchased to be fattened and sold. Most of the cattle purchased this fall were at prices above parity price and cannot be sold without loss under the provisions of either of these bills. The Corn Belt feeders are naturally fearful of this legislation. If they lose their shirts this year, the western cattlemen may lose theirs next year. Let us not try to repeal the economic law of demand and supply. There is no particular reason for being afraid of inflation in agricultural products. We have a 2 years' supply of wheat on hand and a 2 years' supply of cotton, and most of the other agricultural products are just beginning to reach a normal price level. Heavy fat cattle are now selling for a third less than they did in 1937. Do you realize that the value of all the farm lands and buildings in the United States today is \$1,000,000,000 less than it was in 1910? What is the situation on the stock market? The stock market is lower than it was last year. The people remember what happened in the disastrous deflation after the last war. That memory of the disastrous effect of deflation that followed the last war is a

thing that will do more to control prices than anything else. I grant you that there are certain strategic metals and certain other articles that may need price control, but such vast powers as delegated under these bills are not only unnecessary but unwise. These bills will regiment our economy but will not control inflation. Let us kill both these bills and protect our American system of free enterprise.

Mr. CRAWFORD. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and include therein certain telegrams which I have just received from the workers in my home town, all brief, and a statement which I made before the Commodity Club of New York City on this question of marketing.

The CHAIRMAN. The Chair suggests to the gentleman that the permission to include the articles referred to should be obtained in the House. The gentleman asks unanimous consent to extend his remarks in the RECORD. Is there objection?

There was no objection.

Mr. CRAWFORD. Mr. Chairman, I wish to ask the party who today speaks for the administration a very specific question. In view of the fact that the gentleman from Texas [Mr. PATMAN] took such an important part in the discussion of this particular amendment, perhaps he can answer this question.

In last evening's Times-Herald there appeared on the front page an article, "Bill To Control Inflationary Wage Rises." It states:

The administration's decision to seek limited wage control as part of its program to combat inflation presumably was made known to congressional leaders at last night's White House conference on labor. Democratic Leader JOHN W. McCORMACK, of Massachusetts, announced after that conference that price control had been discussed.

The statement also says:

It was not immediately decided whether the wage amendment would be sent to the Banking Committee for consideration as a formal committee amendment or would be offered on the floor when a final House vote on the measure approaches late this week. It was seen as an administration bid for farm-bloc support in strengthening the bill, which, in its present form, would exempt farm prices from regulation until they have reached their 1909 to 1929 levels.

Such an amendment was not sent to the committee to be placed in the bill in the form of a committee amendment, and it has not been mentioned on the floor. I wish to ask the gentleman from Texas [Mr. PATMAN] or the gentleman from Missouri [Mr. WILLIAMS] whether or not the administration has committed itself to the effect that it will have the amendment offered to this bill, including a wage-ceiling approach, in the event the Gore amendment is defeated. Would either one of those gentlemen give us that information?

Mr. WILLIAMS. I will say to the gentleman from Michigan, of course I cannot speak for the administration. I have not been in touch with the President and do not know what plan he has. I do not know anything at all about it. I have no knowledge of any such amendment.

Mr. CRAWFORD. If such an agreement has been made with the floor leader, the gentleman from Massachusetts [Mr. McCORMACK], I think this House is entitled to that information before voting on the Gore amendment which has been offered. But, of course, if the leadership does not feel that that information should not be divulged at this time, there is not anything we can do about it perhaps.

In today's issue of the Wall Street Journal, page 1, we also find this information:

Mr. Henderson agreed with the other experts—that is, the nine experts referred to in this article—that he must have outside help in fighting price rises. He said that he wants higher taxes (including a withholding levy), more voluntary savings for defense bonds, tighter credit controls over nondefense borrowing, a labor policy that will permit wage rises only on the basis of a cost-of-living rise, and increased production of consumer goods wherever possible.

With those two showings I am going to assume that the administration, in order to enact H. R. 5479, will later, if the Gore substitute is defeated, offer an amendment to bring wage ceiling control into this bill.

These telegrams which I hold in my hands and which I have received are from organized C. I. O. workers in my home town, of which there are probably 25,000 or 26,000. In every telegram they insist that we defeat H. R. 5479—the Steagall bill—which is about to appear before Congress. They say, "This bill would freeze wage rates at present levels and strangle organized labor." They also take the position that the bill is ineffective, in that it would not control prices and would injure every transmission worker—this is from a particular group—that is engaged in work in that particular locality.

TELEGRAMS FROM CONSTITUENTS

Under permission granted by the House, I submit for the RECORD telegrams which I have today received from workers in my home city:

SAGINAW, MICH., November 25, 1941.
Representative FRED L. CRAWFORD,
House Office Building,
Washington, D. C.:

Saginaw Steering Gear, Local 434, United Automobile Workers, Congress of Industrial Organizations, representing 2,500 workers, urges that you vote "no" on bill H. R. 5479 which is about to appear before Congress. This bill would freeze wage rates at present levels and strangle organized labor. We will watch your action in this matter with deep interest.

OMER LEVI,
Recording Secretary,
Local No. 434, U. A. W., C. I. O.

SAGINAW, MICH., November 25, 1941.
Representative FRED L. CRAWFORD,
House Office Building,
Washington, D. C.:

Saginaw Amalgamated Local 455, United Automobile Workers, Congress of Industrial Organizations, representing 3,000 workers, requests that you vote "no" on H. R. 5479. This antilabor bill would freeze wages while prices are racing upward and threatens the living standards of our members. We ask your cooperation in defeating this legislation.

CHARLES OSWALD,
Recording Secretary,
Local No. 455, U. A. W., C. I. O.

SAGINAW, MICH., November 25, 1941.
Representative FRED L. CRAWFORD,
House Office Building,
Washington, D. C.:

Chevrolet Transmission Local 467, United Automobile Workers, Congress of Industrial Organizations, representing 1,400 workers, asks you to vote "no" on H. R. 5479. This vicious legislation would keep down wages without controlling prices and would injure every transmission worker. We hope you will assist us by voting "no" on this bill.

WILLIAM POWELL,
Recording Secretary,
Local No. 467, U. A. W., C. I. O.

MARKETS—THE PEOPLE'S PRICE FORUM

And for the record I submit certain observations pertaining to free markets:

In going up a lonely foot trail thousands of feet above sea level in a mountain province of the Philippine Islands 3 years ago, I passed a half-civilized Igorrote walking down the slope with a rooster under his arm. My companion was a man learned in the ways of the natives, and I asked him where the native was going. My friend replied, "He is on his way to market." This reply aroused my curiosity still more, and these questions passed through my mind: Where was the market? What kind of a deal would the native make? On what basis would he bargain, and for what, when he reached the market?

Before all these questions could be answered by my friend, we met other Igorrotes returning from market. I noticed some of them carrying bottled soda pop and chewing gum. I learned that they would walk miles and miles over foot trails, up and down the mountainsides, through rain and heat, for what? Merely to trade a rooster for a package of gum and a bottle or two of pop.

These half-civilized natives knew nothing of the mechanism of markets, the system which brought chewing gum and pop to the little shop at the seaside and would take their fowls in exchange.

This incident gives you a primitive illustration of how markets function, providing the agency through which people all over the world exchange what they produce for something they want and can use.

Of course, the economist might insist that the Igorrote should have traded his rooster for a shirt or some other article classed as a necessity, but the native preferred chewing gum and soda pop. He made his own free choice, and it is just such transactions that keep the world going. The Igorrote by thus exchanging his rooster aided in giving employment to those who produced chewing gum and soda pop, and who, by their wages, could buy the things they also wanted.

* * * Markets, indeed, belong to the people. The people possess them by inalienable right, for it is the people who produce, who consume, and who, whether we like it or not, will exercise their own judgment in buying and selling.

It was just from such simple beginnings as I have described that mankind over the centuries has built the mechanism that operates today throughout the entire civilized world. This mechanism is the commodity market. It has required centuries of toil and study to bring about the degree of market perfection we have witnessed in recent generations. The machinery of the commodity markets today functions so continuously that too many of our people are inclined to assume that the problems involved in the exchange of goods never existed. Others, however, misconstrue those problems and hold that government, instead of tending to its own business in the field of a properly planned money system, must regulate, if not actually operate, the commodity markets.

Now, the industrial revolution has multiplied immeasurably the variety of goods and services which we today accept as mere

commonplaces. The list of necessities and luxuries has expanded by leaps and bounds. Thousands of new occupations have been created. Millions of workers throughout the world today do not use the things they produce in mines and mills and factories. They trade their production for money wages and in turn their wages for things they want. In order to do this they must have a free market.

When you come right down to it, the market is merely the link between the producer and the consumer. It is the mechanism or instrument of exchange, and is just as important as the medium of exchange through which it functions. In spite of its far-flung ramifications, reaching out into every country on the globe, it is a delicate piece of machinery, and any attempt to control its operation or to divert it from its true purpose will prove just as destructive as tossing a monkey wrench into the transmission box of an automobile.

In our specialized productive economy today, with its vast multitude of goods and services seeking a market, we have come to registering our opinion of value of the desirability of consummating an exchange, through the price system.

Price is the vox populi of world economic life. It is the peoples' ballot box, perhaps the only true democracy in the world today. It will tolerate no despot, no autocrat. Price should tell the farmer whether he ought to produce more wheat or cotton, or curtail his production. Price tells the consumer whether he can or should buy. It is automatic in its operation. It is the subconscious response of hundreds of millions of people from London to Shanghai, from New York to Singapore.

All of us, whether we be farmers, miners, manufacturers, merchants, or housewives, all have varying and even conflicting ideas of prices, as to whether they are too low or too high. All these groups are influenced by their own economic self-interest.

But when the final consummation is reached, these antagonisms should normally cancel out, so that the price system that weights all these interests gives paramount place to the general welfare and represents the highest social and economic objective. It is the free-functioning price system that passes goods and services into the channels of trade so that goods may be freely consumed and labor may be fully employed. Nor has civilized man ever been able to attain these objectives except through such a system of free enterprise.

Now, if what I have said appeals to your common sense, it probably is time to ask why we have governments trying to regulate prices and markets through the exercise of a central authority. Why has what we call planned economy stepped into the picture? I think the answer is perfectly clear, and I might say, also, that the intentions and objectives should not be harshly criticized. As I have pointed out, we have a multitude of conflicting interests in our economic life and particularly when it comes to the question of price. Producers all want higher prices. Why shouldn't they? Higher prices mean more buying power, and for the manufacturer they usually mean larger profits. On the other hand, we have the ultimate consumer, and in between the producer and the final consumer we have the merchant, the middleman, the go-between, who wonders when he buys at a high price whether he can pass this increase on to his buyer.

Then it is easy enough to see why government takes a hand; particularly in a country where the laws, with regulations proceeding from these statutes, are made by elected representatives. To put it more bluntly, politics is injected into our economic life.

Government after government, including our own, has tried price fixing, regimentation of production, attempts at marketing control,

promulgating quotas, and what not. Yet, in spite of all these strivings, the desired equilibrium between agricultural and industrial prices evades us like the pot of gold at the end of the rainbow.

It hardly is necessary for me to go into detail about the classic example of price control and market regulation furnished by our neighbor republic, Brazil. What tragedy could have been more colossal? In the 10 years, or thereabouts, over which Brazil tried to control supply by the burning of her coffee, almost 66,000,000 bags have been destroyed. This is equivalent to 2½ years of world consumption, with some countries finding coffee too costly a luxury for general consumption. Yet it is estimated that if Brazil had sold these millions of bags at a price the world would have paid, she could have discharged her external debt.

Another will-o'-the-wisp chased by government is "price stability." This concept also had behind it an appealing motive. Sometimes when markets fluctuate violently, we think we would like to be relieved from these disturbing movements up and down. We feel that it would be a great thing if stability could be obtained through Government decree.

We forget that prices change for two major reasons: First, because of the activity of the people who produce more or less or consume more or less; and second, because money is not of constant purchasing power. We struggle with the problem of finding a way to eliminate this disturbing monetary influence; but that way is not the way of governmental pegging of prices or meddling with markets. When we get that kind of price stability we find that what we have attained is not a desirable equilibrium, but paralysis. The very hour we begin to fear the mechanics of the market, at that moment the blood stream of trade circulation begins to clog.

Whatever methods may be considered in maintaining free, healthy markets on either the commodity or monetary side, let us weigh well the principle enunciated by our distinguished Assistant Secretary of State, Dr. Adolf Berle, Jr., when he addressed some suggestions to our temporary economic committee last summer, as follows:

"Regulation is always inherently dangerous. Finally there is always the certainty that * * * the regulations will be used for purposes which are either corrupt, political, or doctrinaire. Any of these three may produce violent and extremely unhealthy results."

Government intervention in markets and prices calls forth endless regulations and restrictions. I have before me a copy of the Federal Register, the issue of May 2, 1939. In page after page it lists the regulations pertaining to the cotton-marketing quotas for the current season. If you will look over this puzzling exhibit, you will wonder how the farmer can have the time to answer the questionnaire and conform to the regulations and still produce a cotton crop. Yet, no doubt, if we are to have supervision over markets and prices, we shall have attempts to control farm production and marketing—all of which will continue to prove utterly futile.

If and when legislators favorably act on measures giving a planning board the power to fix quotas, set prices and fiddle with the market, these same legislators will later press the planning board to reduce quotas in order to increase prices or increase quotas to affect prices downward. For factual support to this statement, I cite recent developments in some of our control systems. No capital structure or proprietor, partnership, or privately owned corporation can survive the constant jiggling of quotas and prices operated in slide-rule fashion by an administrator or a planning board. Producers and sellers, consumers and purchasers are too smart to participate in such a game.

Owners and operators of private property should not be compelled to go groping along

in a maze of uncertainty, with a feeling that a planning board is lurking behind every rock and tree, ready, on and in response to impulse, however generated, to put prices up or down to their disadvantage.

The ownership and operation of private property is our greatest institution. It is the very basis of our system of taxation. It is the financial source of Federal and State sovereignty. Its successful operation is the reason for our people enjoying the highest standard of living attained by any race on earth.

To maintain this institution of private property, we must have buyers who will buy, sellers who will sell, lenders who will lend. They must not be afraid.

There must be confidence. I go to my attorney and he tells me what is the law. When the administrator or the planning board is authorized by law to jiggle the price and the quotas, the law becomes inconsequential. What the people then want to know is, What will the administration do? Not knowing what will be the next impulse of the juggler, the market becomes a mere gambling den. Finally, the would-be buyer withdraws from the scene, the equation is broken, goods cease to move, and paralysis prevails.

Through the free market and its mechanisms, the products of specialized labor and capital are given values of time and place which could not otherwise exist. Without such creation of values through unhampered trading, industry finds itself subject to creeping paralysis and cannot fully employ all of our manpower and capital.

In case of war, when the life of the Nation is at stake, and freedom faces catastrophe anyway, government probably is justified in exercising a certain amount of control over prices and markets. In normal times, when the free flow of goods into the channels of trade is vital to the general welfare, such exercise of authority not only is unnecessary and restrictive, but scheduled for failure.

If you want to know why, here is my answer: Government planners who issue regulations and control decrees make the mistake of believing they are dealing with things. They are not. They are dealing with human beings, and those human beings are dealing with the stern realities of their existence and their environment. Those realities are planned, not by men, but by infinite Nature herself in ways which, however mysterious, cannot be changed by majority mandates or by bureaucrats.

Market prices are not governed solely by the statistics of supply and demand. After all, what is supply and what is demand, except the reaction of the people themselves to the conditions of their existence? Human behaviorism is the deciding factor. The market belongs to the people. It is in the market place that they express their judgment on values. The market degenerates into a mere Charlie McCarthy when it gets into the hands of government. Its imperative requirement is freedom. Nowhere else is liberty more precious. The people will submit to conscription of their youth for war, to taxes amounting to confiscation, but they will take a final stand on their judgment of prices, for when they speak it is not as individuals but as the people—all the people over the whole of our mechanized, monetary world of trade.

The CHAIRMAN. The gentlewoman from Illinois [Miss SUMNER] is recognized for 5 minutes.

Miss SUMNER of Illinois. Mr. Chairman, I did not wish to speak against the bill offered by my friend and did not intend to do so until now that I have noticed that so many on our side intend to vote for this bill as a gesture, with the idea of voting against it when it comes up in the House, or else voting to re-

commit it. The Gore bill is not very different from the Henderson bill, because it omits retail control. A large portion of the consumers of the United States buy at retail.

In respect to the wage scale, it gives Administrator Henderson the right to release wages immediately after the bill is passed, and if he is consistent with his testimony before our committee, he cannot do anything but release wages, because he has already said he could not administer them as a practical matter in connection with price control and that this is not the way to control wages.

The reason I do not want to see a large vote for the Gore bill is that the Gore bill has been advertised on this floor, on the radio, and in the press as an over-all price dictatorship, covering everything. I am against it, not because the administration is against it, but because I think the administration intends within 18 months to bring before this Congress an over-all price dictatorship, covering everything in the United States.

After the last war we had, as the result of the war, communism in Germany, communism in Russia, and belief in communism in France, in England, and in strategic groups in America. Today our worst fight, in my opinion, is not so much against one dictator abroad who cannot even speak English, as it is against the idea of communism and dictatorship, the idea which has penetrated so deeply among our people that every wage, every salary, every enterprise should be regulated from a central authority in Washington.

I have tried to approach the problem of price control from the point of view of the Constitution. It has seemed to me that under our Constitution we have power to take away certain normal rights of citizens in wartime or in preparation for wartime.

We have the right to draft men if it is necessary to have an effective army; but a proper Supreme Court would, I am sure, throw out any universal draft of all men, old and young, in the United States, because such a universal destruction of rights would not be necessary to raise an effective army. Again, we have a right to commandeer private property. We would have the right to take possession of strategic buildings or factories in New York and wherever necessary to defend the country; but we would certainly not have the right under our Constitution to commandeer all the businesses, all the farms, all the lumber mills in the United States. And so with price control. I believe we have the right to control and limit the prices of those things, such as food and clothing, that are necessary to maintain the health of the people through the emergency, but we have not the right, as I interpret the Constitution, to make an over-all price-control dictatorship exactly like Russia, exactly like Germany; and from a practical point of view it is well that we are so limited, because the prices of luxuries, such as diamonds, furs, penthouses, liquors, and other luxuries should be permitted to rise and pay taxes in the traditional American way to help pay for the war effort.

In the Gore bill there is no dictatorship over retailing, and so this Gore bill is not a straight-across-the-board control, but because this has been advertised as an over-all dictatorship, as the sort of thing that we all need and ought to have to check inflation, I believe that a substantial vote on the part of the membership would encourage the introduction of the to the country that we here in Congress believe in such a dictatorship, and this would encourage the introduction of a dictatorship bill which, I believe, the New Deal planners wish and expect to foist upon the country as soon as public sentiment becomes ripe for it. Those of you who vote for this Gore bill when the bill comes in demanding more powers, which Mr. Henderson may and, I believe, will demand in the course of a few months, will be in a position of having said that you want it, and I hope you will not do that.

The CHAIRMAN. The gentleman from Massachusetts [Mr. McCORMACK] is recognized for 5 minutes.

Mr. McCORMACK. Mr. Chairman, there are certain facts that appear to me to be beyond dispute in the consideration of legislation of this kind at this time. The first fact that appeals to me is that we must have legislation. There is the further fact that no matter what kind of price control, or anti-inflation legislation, is passed it is unpopular when we consider it in terms of normal times. There is the further fact that the legislation is necessary, based upon the exigencies and the necessities of the existing conditions. There is the further fact that the defeat of the bill or the recommendation of the bill is not going to be the end. That would not mean that we would not have to consider this legislation at a later date.

This committee has worked very hard, held hearings for months and months, and made studies over that time on price-control legislation. There are some features of the bill with which I am not personally satisfied, but I know that any bill that is reported out of committee cannot satisfy me or satisfy any Member of this House so far as the bill in its entirety is concerned.

We are legislating in an emergency. We are legislating to try to prevent serious conditions arising that will be extremely harmful to our Nation and to our people. This legislation is based upon expediency and necessity, and we have got to approach, as intellectually honest men and women, the consideration of the legislation from that angle. The Gore bill is offered as a substitute. While I profoundly respect the distinguished gentleman from Tennessee [Mr. Gore], who is a very valuable Member of the House, he has offered his bill as a substitute for the bill that has been reported out after the committee has given weeks and months of profound and deep consideration to it.

In my opinion, the Gore bill would produce an economic strait jacket if it were enacted into law. In my opinion, the bill would defeat its very purposes at the very outset, if enacted into law. The various members of the committee have

very pointedly, on both sides of the aisle, presented to the membership of the House the weakness of the Gore bill.

We have got to pass legislation; whether it is today or tomorrow, we have got to pass legislation. The American consuming public have got to be protected. Production for the national defense and for the purpose to which our country is committed in this emergency must be continued. We know that unless we have price-control legislation, it is going to affect seriously our national-defense program. It is only the matter of a few weeks or a few months when the public will catch up with the sharp increase in prices, and then we are going to feel the full effect of a thoroughly aroused public opinion.

Let me speak briefly, if I may, to my friends who represent agricultural districts. I have no farm in my district, but I have stood on this floor and spoken for parity payments and voted for parity payments when it went through by only four or six majority. I have consistently taken the floor and voted to support farm legislation because I think it is a national problem, as I have said repeatedly. I am not viewing the problems of other sections of the country from the limited geographical area of New England wherein I reside, but I like to look at them from the national angle. The problem of the people of other sections of the country are the problems of the Nation. That should be the angle of our approach to this bill. This bill, the bill reported out of the committee, is eminently fair to agriculture. Hysteria and fear should not influence those who represent agricultural districts, but it may be well to consider that if the committee bill is defeated the bill that will come out in future will probably be more drastic in its operations with reference to agriculture. To those who represent agricultural districts I can say—I will say firmly, although I was going to say without contradiction, but that is a strong term for anyone to use—I say firmly that it is my opinion that the committee bill, having in mind the nature of a price-control bill, adequately, properly, and reasonably protects the agricultural interests of this country.

Price-control legislation is necessary. We have to pass it. It must be arbitrary to some extent in order to obtain its objectives. We are considering a price-control bill within the constitutional setup of our Government, based upon an exigency, based upon necessity.

Our national-defense program also demands the passage of it. If we delay it today it will only be a matter of a few weeks. The bill reported by the committee, with the amendment suggested by it, is a fair bill, it is the best that can be accomplished, and to send this bill back to the committee or to substitute the Gore bill, in my opinion, would be a fatal mistake, not only for the best interests of the country as a whole, not only for the best interests of the American consuming public, not only for the best interests of our national-defense program, but the failure to pass the bill would be very harmful, in my opinion, to the agricultural interests of this country.

Mr. SPENCE. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Kentucky.

Mr. SPENCE. May I suggest to the gentleman that the great powers that are vested in the Administrator under the bill expire in one and a half years. On June 30, 1943, the powers expire, by the terms of the bill itself.

Mr. McCORMACK. Exactly, and I appreciate the gentleman's contribution.

This legislation is not going to end today. If the Gore bill is substituted you know what is going to happen. You know it is unworkable. We admire and respect the high character of the gentleman from Tennessee, and his fine motives, but we are considering a bill, not the gentleman. If the committee bill is defeated or recommitted, we will have to consider legislation in the near future. We have to face the issue because the American public and American public opinion will demand it within the next few months.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Arkansas [Mr. MILLS] for the remainder of the time.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. MILLS of Arkansas. I yield to the gentleman from Mississippi.

Mr. WHITTINGTON. Mr. Chairman, I offer a perfecting amendment.

The CHAIRMAN. There is one amendment already pending to the pending amendment.

Mr. WHITTINGTON. Well, I offer it, anyway, as a perfecting amendment.

The CHAIRMAN. After the other is disposed of, it will be in order to offer that one.

Mr. MILLS of Arkansas. Mr. Chairman, does the gentleman from North Carolina [Mr. DOUGHTON] desire that I yield to him?

Mr. DOUGHTON. No.

Mr. CRAWFORD. Will the gentleman yield so that I may propound a question to the floor leader?

Mr. MILLS of Arkansas. Let me make my statement. I am sure I will have some time left, and I will be glad to yield.

Mr. Chairman, I have been very, very reluctant during the course of this debate to take issue with my beloved friends the gentleman from Tennessee and the gentleman from Oklahoma about the matter of controlling prices as a means of avoiding inflation, but because of some of the statements, because of some of the ideas that have been conveyed by some who have addressed the committee, I cannot longer refrain from pointing out to the committee the reasons that prompted me, as a member of the Banking and Currency Committee, to determine that our effort to control prices should utilize the method of the selective Henderson plan.

We three on the committee were amazed, along with other members of the committee, when our beloved chairman, the gentleman from Alabama [Mr. STEAGALL], introduced in the House a bill to temporarily destroy the American way of doing business as usual. Yes; we were all against the proposal. We conducted

some hearings. The issue developed in the course of those hearings as to the method that should be adopted by the committee and recommended to the House as the means to be used to control prices.

Mr. Baruch came to our committee as the second witness. He advocated legislation freezing, as he called it, our economy into a status quo for a temporary period or, at least, for the duration of the emergency through which we are passing.

Mr. Henderson, the first witness, came to our committee and said that theoretically it might be preferable to freeze an economy into a status quo, that when he first approached the subject he instructed those working on his staff to proceed to develop legislation which would bring about a freezing or status quo of prices, profits, and wages. I think everyone on the committee will admit that there has never been a witness who appeared before our committee, and very few who ever appeared before any other committees of Congress, who displayed such an enormous amount of information and ability as that gentleman displayed. Mr. Henderson said it was impossible for him and his staff to write into legislative form a bill freezing the economy of this country as Mr. Baruch desired that was capable of administration.

During the course of the hearings my good friend from Tennessee informed the members of the committee that it was his desire to perfect such legislation and present it to the committee for its consideration. He did that. The committee members analyzed his bill, analyzed it with the greatest amount of concern because we all desired to go along with him if we could do so. We began to compare section after section of his bill with the sections in the Henderson bill introduced by Mr. STEAGALL.

We found first of all that the bill which we propose provided in its inception that the price of agricultural commodities should never be placed by ceiling at below 110 percent of parity. The committee agreed to that after consultation with all the advisers we could get in the Department of Agriculture, and aside from the Government, because they convinced us it was necessary that agricultural prices remain at 110 percent of parity or at least not below that figure if a farmer was to receive a seasonal average of 100 percent of parity.

The gentleman from Tennessee [Mr. GORE] came along in his bill to do what he considers to be the right thing, and he is to be commended for his sincerity. He said that agricultural commodity ceilings should be placed at 100 percent of parity. He makes an effort in his bill to authorize, to permit, and to instruct the Administrator or the price-control authority to support parity to the farmers. It is a noble gesture, but the limitations placed in the bill will not get farmers parity, in my opinion.

We found out that there was a circumstance, and I would like to call this to the attention of those from the West who may be interested, whereby the passing of legislation enabling prices to be

fixed upon critical, essential, strategic, or other minerals, might prevent the production of minerals if other provisions were not included in the bill. Therefore, we put into our bill a provision that the Administrator may, if it becomes necessary, buy from the marginal or high-cost producers the products of such mines or such industry, so that the Nation may obtain those products and they may continue in business.

There is no such provision as that in my friend's bill. You who are interested in labor, see how the two bills treat you. Much to my regret, our bill specifically excludes control of compensation paid by an employer to an employee. Ours is a price bill and not a price-and-wage-control bill. As you know, the bill of my good friend would permit the freezing, as I like to call it, if he does not quite call it that, of wage scales and rates of pay. Yes; it permits the Administrator to come along after we have done something that we should not have done in the beginning and undo what we have done. It provides for that, an exception. But do you not recognize, Mr. Chairman, that when wages are frozen, that then the Administrator must go into all the separate parts of the country answering pleas from those who feel that injustices have been placed upon them, to remove them from the restrictions, and that as a practical matter the Administrator is not going to be doing anything in the world but trying to take out from under the ceiling the wages that we placed under it by the passage of the bill.

I do not believe that my friend can say that this substitute which he has offered today constitutes what he would like to have in the bill. I know my friend well enough to know that it was his original desire not only to freeze prices and wages but to freeze profits. Profits are not frozen. It is not his fault, perhaps. The rule is such that he cannot offer that particular section.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. MILLS of Arkansas. I yield to the gentleman from New York.

Mr. REED of New York. There is one other ceiling that is not fixed; that is, the ceiling on taxes and on debt.

Mr. MILLS of Arkansas. I was referring, though, to the provision that the gentleman from Tennessee originally introduced, which provided for the freezing of all three—prices, wages, and profits.

Mr. REED of New York. When the tax ceiling is not fixed and cannot be fixed, where is the standard of living?

Mr. MILLS of Arkansas. I say again, I am sure my friend would like to have profits included in the bill. Profits should be in the bill if we are going to freeze everything in this economy outside of profits.

Let us place ourselves in the position of a man in an industrial plant. I do not have any of them in my district. However, I desire to be reasonable with him. Are we going to say to that man that irrespective of his desires and irrespective of the merit of his case, that his wage as of November 24 to November 29

will be frozen? What will he answer to the American Congress? He will say that the industrialist for whom he works is continuing to make a large profit on what he has and that he is not permitted to obtain a share in that increased profit.

I cannot see the justification; I cannot see the fairness of this and, therefore, I do not believe this House for 1 minute would place those in my district dependent upon agriculture, and those in the district of my friend from Ohio dependent upon wages, in an economic strait jacket, and leave the other segment in our economy subject only to taxation.

Mr. CRAWFORD. Mr. Chairman, will the gentleman permit me to ask a question of the gentleman from Massachusetts [Mr. McCORMACK]?

Mr. MILLS of Arkansas. If it is not too long.

Mr. CRAWFORD. Can the gentleman from Massachusetts inform the House whether it is the intention of the administration to have an amendment offered to the Steagall bill, in the event the Gore substitute is defeated, putting a ceiling on wages to any degree whatever?

Mr. MILLS of Arkansas. Let me answer the gentleman's question.

Mr. CRAWFORD. If the gentleman will permit, let us let the leader answer that. He is in a position to answer it.

Mr. McCORMACK. The gentleman is reading from a newspaper item, is he not?

Mr. CRAWFORD. No; I am submitting a question to the floor leader as to whether or not the administration intends to have offered to the Steagall bill an amendment placing a ceiling on wages. The farm people of this country are very much interested in that question.

Mr. McCORMACK. The gentleman had better ask that question of the chairman of the committee.

With the adoption of the proposed committee amendment to section 2 (e) of the Steagall bill, that bill will be considerably strengthened and made even more preferable to the Gore bill, which has no such language.

I trust, for these reasons, that the proposal made by the gentleman from Tennessee will be defeated.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from New York [Mr. WILLIAM T. PHEIFFER] to the amendment offered by the gentleman from Tennessee [Mr. GORE].

The amendment to the amendment was rejected.

Mr. WHITTINGTON. Mr. Chairman, I offer an amendment. This is merely a perfecting amendment, in view of the fact that the tax feature of the Gore amendment has been eliminated.

The Clerk read as follows:

Amendment offered by Mr. WHITTINGTON to the amendment offered by Mr. GORE: On page 26, strike out, in section 303, line 9, the comma and all the remainder of lines 9, 10, and 11, being all of said section after the comma in line 9, not including the period.

The amendment was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from Tennessee [Mr. GORE].

The question was taken; and on a division (demanded by Mr. GORE) there were—ayes 63, noes 218.

So the amendment was rejected.

Mr. WILLIAM T. PHEIFFER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WILLIAM T. PHEIFFER: On page 3, lines 4 and 5, after the word "on" in line 4, strike out "June 30, 1943" and insert "December 31, 1942."

Mr. WILLIAM T. PHEIFFER. Mr. Chairman, this amendment is identical with the amendment which I offered earlier this afternoon to the Gore amendment to the Steagall bill. It in effect makes the life of this measure only 1 calendar year instead of at least 18 months, as the bill is now written. My arguments in connection with the previous amendment apply with equal force to this amendment.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. WILLIAM T. PHEIFFER. I yield for a question.

Mr. PATMAN. Does the gentleman really believe that the Price Administrator could get started by the time the law would expire under his amendment?

Mr. WILLIAM T. PHEIFFER. I will state to the gentleman from Texas that we are dealing with a drastic emergency measure here and we should hold a tight rein on the Administrator and the administration. It matters little if the Administrator never gets started if the emergency ceases to exist. In my judgment, we are giving him too loose a rein in extending his authority until the end of the 1942 fiscal year, because, as I view the situation, there are certain compelling reasons for curtailing the life of this bill, entirely aside from any misgivings or any fear we might have about the abuse of power under this great grant of authority that is being given to the administrator. In the brief time at my disposal I can give you only a capsule review of those reasons, but I shall do my best. They boil down to plain, common horse sense.

This is a bill for the regulation of every small and large business in the country, every landlord and tenant, every professional and nonprofessional man. Ninety percent of the American people transact their business and keep their records on a calendar-year basis instead of a fiscal-year basis. I presume, without having been in on the committee sessions, that the date of June 30, 1943, was fixed by virtue of the fact that that is the end of the Government's fiscal year, but why should there be any magic in that particular date in dealing with a measure that does not have anything to do in any way with Government bookkeeping or with adherence to the principles of the fiscal year? We are dealing with a measure here that is to be applied to 130,000,000 people. Let us get down to concrete examples of the hardships and economic dislocations that might result from asking the American people to so shape their affairs and business as to conform with

the fiscal year at the end of which this bill would expire.

The gentleman from Michigan [Mr. WOLCOTT] this afternoon said that there are 50,000 different items in the current Sears, Roebuck catalog. That catalog goes out to a multitude of small merchants and homes throughout the country, and it is compiled and its prices are quoted on a calendar-year basis. How in the name of high heaven are the people of this country going to adjust themselves to a price change in commodities, in staples, in household essentials, in rents, or in any one of the many categories covered by this bill if they have to contract on the basis of a certain price level for the first 6 months of the calendar year 1943 without knowing what that price level will be for the remaining 6 months?

Again, let me say I believe it will have a salutary effect upon the administration of this measure and will be beneficial to all the American people if this Congress—the Seventy-seventh Congress—can at about this time next year go over this bill in the light of the experience gained in its administration. Frankly, I am fearful of some of the evils, some of the injustices that are going to be spawned by this measure. I fear it is going to be a super N. R. A. I think we are going to have the blue eagle or its counterpart spreading its wings all over the country. It is not unlikely that we will once again view the sad spectacle of domineering and officious local subagencies putting the thumb-screws on small business and on the man of limited means. It seems to me only fair and right that we should before the end of the next calendar year be given the opportunity to thoroughly investigate the manner and the results of the administration of price control. At that time, if prevailing conditions so warrant, we can then reenact this legislation with an eye to the correction of proven errors and the alleviating of injustices.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. WILLIAM T. PHEIFFER].

The amendment was rejected.

Mr. VOORHIS of California. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VOORHIS of California: Page 3, line 19, insert a new section 2, as follows:

"(a) The President shall designate as civilian-defense products basic commodities and services necessary to feed, clothe, house, and preserve the health and well-being of the civilian population. In designating such products, the President shall select commodities and services which, while suitable to meet civilian needs, can be produced with the least possible use of materials, facilities, and labor needed for national defense and with the least possible disturbance of existing methods of production and consumption. The President may from time to time designate additional civilian defense products and revoke such designations previously made

"(b) The President shall have power to designate and from time to time to modify the minimum specifications to which each such civilian-defense product shall conform. Such designation shall not prevent any commodity or service from qualifying as a civilian-defense product if such commodity or service is equal to or superior to the minimum specification

for such product; and the President shall have power to determine whether any commodity or service is equal or superior or inferior in quality to such minimum specification.

"(c) The President shall determine and publicly announce and may from time to time redetermine the quantity of each civilian-defense product necessary to meet the needs of the civilian population during the ensuing year or other appropriate period of time.

"(d) When the President finds that there is danger that any civilian-defense product will be available to the civilian population in insufficient quantity or inadequate quality or that the price of such product will be increased abnormally or that any substantial part of the civilian population will experience increased difficulty in obtaining such product because of the increased price thereof, the President may enter into civilian priority contracts with producers and/or distributors of such product to promote the production and distribution of an adequate supply of such product of adequate quality for sale to the civilian population at reasonable prices. For purposes of this section availability of less than the quantity of such product designated by the President as necessary shall be availability of an insufficient quantity, and quality below the minimum specification designated by the President shall be inadequate quality. The President may, in his discretion, announce his finding that a designated price for any civilian-defense product will involve an abnormal increase in price or an increased difficulty in obtaining such product within the meaning of this section.

"(e) Before entering into any civilian priority contract for a civilian-defense product the President shall, after reasonable notice, receive from prospective producers and/or distributors of such product commitments as to the amount of such product which each will undertake to produce or distribute during a designated future period of time and as to the prices and terms of sale upon which such products will be sold or distributed. If such product will vary from any appropriate minimum specification designated by the President, such commitment shall include the minimum specification to which such product will conform, and shall be received only if the President shall find that such minimum specification is equal to or superior to such minimum specification designated by him for such product. In the President's discretion he may receive commitments as to quantity to be produced or distributed which make exception for designated circumstances tending to interfere with such production or distribution and commitments as to prices which provide for adjustment of such prices upward or downward with variation in the price of a designated means of production.

"(f) After receiving such commitments, the President may enter into civilian priority contracts with producers and/or distributors who have submitted such commitments by which the President undertakes to grant to such producers and/or distributors priorities of materials and other facilities for production, distribution, and transportation sufficient to provide for the production and/or distribution of the quantity of such product designated in such civilian priority contract and by which such producers and/or distributors undertake to produce and/or distribute for civilian use designated quantities of such product for sale at prices and upon terms not less favorable to the buyer than the prices and terms designated in such contract. Such civilian priority contracts for any civilian-defense product shall not cover a total quantity of such product which exceeds by more than 5 percent the quantity of such product found by the President to be necessary to meet the needs of the civilian population.

"(g) In entering into such contracts the President shall give preference to those producers and/or distributors who will undertake to sell such product upon prices and terms most favorable to the buyer: *Provided, however*, That the President shall not contract with a single producer or distributor for the production or distribution of more than one-third of the total quantity of such product to be covered by such contracts except to the extent that the total quantity offered for contract by other producers or distributors falls below the quantity found by the President to be necessary to meet the needs of the civilian population: *And provided further*, That the President shall limit the quantity of any such product covered by any such contract or shall give preference to a commitment which involves a higher price and/or terms of sale less favorable to the buyer when he finds that such action is necessary to prevent the establishment of a monopoly or the breach of any law of the United States: *And provided further*, That the President shall have power to establish similar limitations upon quantity and similar preference as to commitments when he finds that such action is necessary to prevent the payment of less than prevailing wages to labor or of lower prices to farmers for any agricultural product than are provided elsewhere in this act.

"(h) If the President finds that the commitments received for any defense product are insufficient to permit contracts for the quantity of such product necessary to meet civilian needs at prices which will accomplish the purposes of this act, he may enter into such contracts covering a portion of such quantity or may refrain from entering into contracts covering such product.

"(i) No producer or distributor submitting a commitment for a civilian-defense product shall be discriminated against in the acceptance of any such contract because such producer or distributor has offered to supply only a limited quantity of such product.

"(j) The President shall have power to require, by regulation or order any producer or distributor or class thereof of any service or material or capital equipment necessary for the production of a civilian-defense product to give preference to producers or distributors of civilian-defense products in selling or leasing such service or material or capital equipment, in accord with the priorities established in such civilian-priority contracts: *Provided*, That the term 'service' as used in this paragraph shall not include work for wages.

"(k) If the President finds that any producer or distributor of any product for civilian use or any class of such producers or distributors is buying, storing, or using any material, inventory, capital equipment, or labor which is necessary to the production of any product essential to national defense or of any civilian-defense product, the President may by regulation or order require such producer or distributor or class thereof to discontinue the purchase or use of any such material or labor, to dispose of any such inventory at reasonable prices designated by the President, and to lease any such capital equipment to any producer or distributor of any product necessary to national defense or of any civilian-defense product.

"(l) Except as specified in paragraph (k) above, nothing in any civilian-priority contract nor in this act shall prevent any producer or distributor not party to such contract from producing or distributing any product for civilian use nor from selling such product, subject to the terms of any price ceilings established in accord with the provisions of this act and of any regulations or orders pursuant to paragraph (j) above, at such prices and upon such terms as he chooses.

"(m) Any service, material, or means of production other than labor which is necessary to produce or distribute a civilian-defense product may, in the discretion of the President, be designated a civilian-defense product

and while so designated shall be a civilian-defense product for all purposes of this act."

Mr. STEAGALL. Mr. Chairman, I reserve all points of order against the amendment.

The CHAIRMAN. The gentleman from Alabama reserves all points of order against the amendment. The gentleman from California is recognized for 5 minutes.

Mr. VOORHIS of California. Mr. Chairman, the text of this amendment is printed in the RECORD of yesterday on page 9133 as a part of the remarks which I made yesterday. I tried very hard on two occasions to be heard, to explain the purposes of this amendment, once before the committee and the other time in general debate. But neither time was I able to get an adequate chance to do that. I realize that it is most difficult to present an amendment as comprehensive as this and expect Members to be able to grasp its full significance in a short 5 minutes. For this is an all-important matter. And the reason that I am taking time now is to make clear what I think the record needs to have on this legislation.

There is only one basic reason why we have this bill here. I do not think there is a Member of the House but agrees fundamentally with the statements made today, urging the preservation of the American way of life and pointing out the dangers in this type of legislation. But we have undertaken to devote about 30 or 40 percent of the productive efforts of America to the production of armament, and as soon as we undertook to do that we created a situation where the supply of certain civilian goods is in danger of being cut down a', the same time that the purchasing power for those goods will be larger than heretofore available. Under those circumstances and in order to prevent a runaway rise in certain prices, where monopolists or speculators are in the position to artificially force them upward, some machinery must be made available to control such prices.

My own view of the matter is that it will be better for us not to go any further with this sort of thing any more than we need to, and I know there are two fundamental things to combat inflation that are more important than price control and that ought to come first. The first of these should be an attempt to increase production of goods for sale to our people, and the second one is monetary control, in order that we might have the right amount of money in circulation and not a runaway creation of private bank credit, though I shall not speak about that now.

In a few words, this amendment proposes to do approximately this. It provides that we shall pick out certain essential commodities and that the President shall have power to determine the specifications for these basic necessities for our people like clothing, essential food products, simple housing, health needs, and things like that; that as to those goods he may enter into what are called priority contracts with producers, who agree to produce not less than a certain quantity of such goods at a fair price,

In other words, the program would be to encourage production at fair prices, and to make contracts with producers, assuring them that they could get the materials they needed to produce these things. This would give us a constructive approach to the problem of inflation on the side of increased production instead of making a regulatory approach exclusively by means of price control. I agree with gentlemen who say that they do not like this sort of legislation. I do not like it myself, but I think if we are going to try to approach the problem of preventing inflation, that certainly consideration should be given to a constructive effort to increase production of goods rather than to just letting it go along to the proposition of trying to control prices by governmental fiat. I am personally of the opinion that it may well be that a sufficient effort along this line, together with a sound monetary program, might be sufficient to prevent any serious inflation, though I see the necessity for, at present, for some authority in the Government controlling prices where either speculation or monopoly is in a position to artificially increase the price. I agree with the selective feature of the committee bill, with these differences, because it makes possible the selection of such prices and their control instead of imposing them upon our whole economy. But neither this price-control bill nor any other price-control bill can solve the fundamental problem of the relationship between goods for sale on the one hand and money to buy them with, on the other. My amendment is far more constructive, far more salutary, far more fundamental than is price control as such.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. COX. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, as brilliant as is our friend from California [Mr. Voorhis], and as much entitled as he is to a respectful hearing, I know he is not going to get anywhere with his proposal.

It is about another matter that I wish to speak. The Gore amendment fell by the wayside, as was expected, but the effort of our young and brilliant friend has done two things: First, it has firmly established him in the esteem and confidence of his colleagues and of the country as being a young man of perfect integrity and of very great ability. The second thing he has done, the information he has brought to bear upon the question, is to kill the committee bill unless three things are done. The first is to abandon the licensing provision of the bill. Second, to include over-all control; and, third, set up an independent board or commission—not stooges, but people of independent minds—with power to override and to throw out anything the Administrator might do.

You might just as well understand the fact, and it is a fact, that Leon Henderson given unrestrained powers that are set up in this bill, defeats the committee's measure.

[Here the gavel fell.]

The CHAIRMAN. Does the gentleman withdraw the reservation of his point of order?

Mr. STEAGALL. I withdraw the reservation of the point of order, Mr. Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. Voorhis].

The amendment was rejected.

The Clerk read as follows:

PRICES, RENTS, AND MARKET AND RENTING PRACTICES

Sec. 2. (a) Whenever in the judgment of the Price Administrator (provided for in section 201) the price or prices of a commodity or commodities have risen or threaten to rise to an extent or in a manner inconsistent with the purposes of this act, he shall by regulation or order establish such ceiling or ceilings as in his judgment will be generally fair and equitable and will effectuate the purposes of this act. So far as practicable, in establishing any ceiling, the Administrator shall ascertain and give due consideration to the prices prevailing for the commodity or commodities included under such ceiling on or about October 1, 1941, and shall make adjustments for such relevant factors as he may determine and deem to be of general applicability, including the following: Speculative fluctuations, general increases or decreases in costs of production and transportation, and general increases or decreases in profits earned by sellers of the commodity or commodities, during and subsequent to the year ended October 1, 1941. Every regulation or order establishing any ceiling under this subsection shall be accompanied by a statement of the considerations involved in the issuance of such regulation or order.

(b) Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this act, he shall issue declarations setting forth the necessity for, and recommendations with reference to, the stabilization or reduction of rents for defense-area housing accommodations within defense-rental areas. If within 60 days after the issuance of any such recommendations rents for any such accommodations have not in the judgment of the Administrator been stabilized or reduced by State or local regulation, or otherwise, in accordance with the recommendations, the Administrator shall by regulation or order establish such ceiling or ceilings for such accommodations as in his judgment will effectuate the purposes of this act. So far as practicable, in establishing any ceiling for any defense-area housing accommodations, the Administrator shall ascertain and give due consideration to the rents prevailing for the accommodations, or comparable accommodations, on or about April 1, 1940, and shall make adjustments for such relevant factors as he may determine and deem to be of general applicability in respect of the accommodations, including increases or decreases in property taxes and other costs, during and subsequent to the year ended April 1, 1940. In designating defense-rental areas, in prescribing ceilings for such accommodations, and in selecting persons to administer such ceilings, the Administrator shall, to such extent as he determines to be practicable, consider any recommendations which may be made by State and local officials concerned with housing or rental conditions in any defense-rental area.

(c) Any ceiling or ceilings may be established in such form and manner, may contain such classifications and differentiations, and may provide for such adjustments, as in the judgment of the Administrator are necessary or proper in order to effectuate the purposes of this act. The Administrator may establish a ceiling or ceilings below the prices prevailing for the commodity or commodities, or be-

low the rent or rents, in effect at the time of the establishment of such ceiling or ceilings.

(d) Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this act, he may, by regulation or order, regulate or prohibit speculative or manipulative practices (including practices relating to changes in form or quality) or hoarding in connection with any commodity, and speculative or manipulative practices or renting or leasing practices (including practices relating to recovery of the possession), in connection with any defense-area housing accommodations, which in his judgment are equivalent to or are likely to result in price or rent increases, as the case may be, inconsistent with the purposes of this act.

(e) Whenever in the judgment of the Administrator it is necessary, in order to effectuate the purposes of this act, to obtain the production of marginal or high-cost producers, he may, on behalf of the United States, without regard to the provisions of law requiring competitive bidding, buy, store, or use, or sell at private or public sale, any commodity produced in the United States by any such producer, upon such terms as he deems necessary.

(f) No power conferred by this section shall be construed to authorize any action contrary to the provisions and purposes of section 3.

(g) The powers granted in this section shall not be used or made to operate to compel changes in the business practices or cost practices or methods, means or aids to distribution established in any industry, except to prevent circumvention or evasion of any ceiling established under this act.

(h) Regulations and orders issued under this section may contain such provisions as the Administrator deems necessary to prevent the circumvention or evasion of such regulations and orders.

Mr. CASE of South Dakota (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the reading of the balance of the section may be dispensed with, and that it be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection?

Mr. WOLCOTT. Mr. Chairman, reserving the right to object, I cannot see where any time is to be gained by not reading the bill. Surely this bill is of sufficient importance that every Member should pay very careful attention as every word of it is read. I am in the same position as I was with respect to the Gore amendment, so I am reluctantly forced to object.

The Clerk concluded the reading of the section.

Mr. STEAGALL. Mr. Chairman, I offer a committee amendment.

Committee amendment: On page 6, strike out lines 16 to 23, inclusive, and insert:

"(e) Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this act, he may, on behalf of the United States, without regard to any provision of law requiring competitive bidding, buy, store, or use, or sell at public or private sale, any commodity, upon such terms as he shall deem necessary to obtain the maximum necessary production of marginal or high-cost producers, or to prevent price increases inconsistent with the purposes of this act. The proceeds of any sale under this subsection shall be used as a revolving fund for carrying out the provisions of this subsection: *Provided*, That any materials which have been heretofore or may hereafter be defined

as strategic and critical by the President pursuant to section 5d of the Reconstruction Finance Corporation Act, as amended, may be bought in order to carry out the purposes of this act only by corporations created or organized pursuant to said section 5d, upon such terms and conditions as they may determine, and only with the approval of the President and the Federal Loan Administrator: *Provided further*, That nothing in this section shall be deemed to modify, suspend, amend, or supersede any provision of the Tariff Act of 1930, as amended: *Provided further*, That nothing in this section, or any existing law, shall be construed to authorize any sale or other disposition of any agricultural commodity contrary to the provision of the Agricultural Adjustment Act of 1938, as amended."

Mr. STEAGALL. Mr. Chairman, the purpose of this amendment is to add language that would permit the use of the powers conferred to prevent increases in prices inconsistent with the purposes of the act.

Another provision of the amendment would preserve to the Reconstruction Finance Corporation and other Government agencies the powers conferred upon those agencies to purchase commodities and strategic and critical materials necessary in connection with the defense program.

Another provision of the amendment would prevent any interference with nullification of legislation embodied in the Tariff Act of 1930 as amended.

The amendment would preserve existing law for protection of agricultural products. It would prevent the sale of agricultural commodities except as provided in the Agricultural Adjustment Act of 1938, as amended. These, in short, are the purposes of the substitute.

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the amendment. I may say also that this is one of the most controversial sections of the bill, and I hope the Chair will not put the question until we have had adequate debate.

The CHAIRMAN. The Chair is pleased to recognize the gentleman from Michigan.

Mr. WOLCOTT. Mr. Chairman, this is a very fundamental question. I listened with a great deal of interest to the explanation of it by the chairman of the committee, and he indicates that the amendment is made necessary to protect agriculture and to protect domestic producers against any temporary setting aside of any tariff laws.

The amendment does just what the gentleman says it does, but there surely would be no need of the committee amendment if that is all they want to do, because if you will read the language of the bill as it was reported out of the committee you will find that we adequately protected producers in that respect.

What is there behind this amendment? When the bill was originally introduced it authorized the Administrator to go into the open market and buy any product for the purpose of keeping prices down or putting them up, as he saw fit. He told us the reason why he wanted that authority. He wanted the authority to buy products of the high-cost producers and sell them at a lower ceiling which had been placed, in order to encourage production of necessary defense articles.

The example which was used frequently was this: We will say that copper can be produced by the hydraulic method and sold profitably at 10 cents a pound. Hand-mined copper, however, cannot be produced at 10 cents. In order to keep the copper mines open and producing copper for national defense, it might become necessary to pay the hand-mined producers 14 cents, and in order that we might keep our mines working and in full production he wanted authority to buy the high-cost copper at 14 cents and sell it to the consumers at 10 cents. That is perfectly all right with everybody on the committee because we wanted to get all the copper we possibly could even though it resulted in the Government's having to subsidize the difference between selling at what we had to pay the high-cost producer to keep the mines running and defense industry running, and the lower price. That is what he wanted that for; that is what he said. He did not want it for any other reason. So the committee, in its judgment, provided for just that thing as appears from the language of subsection (e) on page 6:

(e) Whenever in the judgment of the Administrator it is necessary, in order to effectuate the purposes of this act, to obtain the production of marginal or high-cost producers, he may, on behalf of the United States, without regard to the provisions of law requiring competitive bidding, buy, store, or use, or sell at private or public sale, any commodity produced in the United States by any such producer, upon such terms as he deems necessary.

That is what he wanted. That is what we gave him. He was not consulted after he testified. We were, however, called into session yesterday and the committee reported out the committee amendment which has been read.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. WOLCOTT. We were told we had not provided any revolving fund. They wanted a revolving fund so they could take the money they received when they sold these things and use it to buy others. We thought that should be within the province of Congress, but we find in this committee amendment, which was written by the Administrator, the following language:

Or to prevent price increases inconsistent with the purposes of the act.

Mr. Chairman, this is the most undemocratic thing that was ever suggested to an intelligent Congress of the United States: To allow any administrative agency of the Government to go into the open market in competition with not one industry, or two, or three, or a hundred, but into competition with all of our industry and all of our business, to buy and sell any goods it sees fit. That is a fundamental question, and I do not see how Democrats, allegedly solicitous of the preservation of democratic principles, can go along with anything like that. Surely anyone who believes in the perpetuation of free enterprise and representative government could not go along

with any amendment to this bill which authorizes the administration to go into the open market and buy and sell any commodity under the guise that it is being done to keep prices down.

What of agriculture? What of dairy products? What of Michigan beans? What of the citrus fruit? What of wheat? What of anything? He must take into consideration, of course, the Agricultural Adjustment Act; he must pay the tariff. When he pays the tariff, of course, the money comes right back into the Treasury of the United States. If it should develop that the meat producers of this country were getting a little higher price for their beef than the Administrator thought they should, he could flood the American market with Argentine beef or any other kind of beef. If it developed that the Michigan bean producers were getting more for their beans than the Administrator thought they should get, he could authorize the use of beans as was formerly done, as ballast in boats coming over here from China and flood the market with Chinese beans for the purpose of forcing this market down. Now, the Members, Mr. Chairman, who are solicitous of private business and small business, and agriculture, and, yes, labor, should analyze this bill and see what they are doing if they authorize him to buy and sell competitively in the open market for the purpose of stabilizing prices.

Mr. FOLGER. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. FOLGER. I see in the committee amendment the following words were omitted:

Purchased in the United States.

Is there any significance in that?

Mr. WOLCOTT. Yes. We put in the words "produced in the United States" to take care of these domestic marginal producers. The committee purposely left out "domestically produced things or not produced in the United States" to allow him to buy in the foreign markets and flood the domestic market to force prices down.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. CRAWFORD. In other words, none of us should have an objection to the Administrator's operating in such manner as to preserve the marginal producers in the United States; but to reach out into the other parts of the world and bring in goods to sell in the open markets against our own producers and destroy their existence, you might say, to me, is a diabolical scheme, and I do not think we should permit it.

Mr. WOLCOTT. The gentleman is absolutely correct. The purpose under this is to open the domestic market to every country of the world. It is reprehensible that the Committee on Banking and Currency so belittles itself and its dignity to reach out in such way and offer that to a democratic Congress living under a Constitution which preserves to us the principles of freedom.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. GIFFORD. Does not the gentleman believe it would be sufficient simply to grant subsidies to high-cost producers and allow the product to go on the market to sellers and consumers?

[Here the gavel fell.]

Mr. PATMAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the distinguished and able gentleman from Michigan stated that this was an undemocratic provision because it would permit the Price Administrator to go into the open market and make certain purchases. May I suggest that we have an open market for Government bonds, and I have never heard of it being questioned as being undemocratic.

Mr. CASE of South Dakota. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman for a question.

Mr. CASE of South Dakota. When the Government goes into the market and purchases securities, whatever the results of that may be apply universally throughout the country; but here it is proposed to give selective power to purchase certain articles, and it applies unequally.

Mr. PATMAN. The open market operations of the Federal Reserve Banks, I presume, are similar to the open market operations that will be carried on by the Price Administrator. But sometimes open market operations are necessary.

Let me tell you why this is in here. It is to help the high-cost producer. It is possible that we will have to go to South America to get certain strategic, critical, and other needed materials. It is possible that we will have to go there to get materials not needed in national defense for the purpose of keeping these small industries continuing in business.

Mr. DEWEY. Will the gentleman yield?

Mr. PATMAN. For a question.

Mr. DEWEY. I would like to answer the gentleman.

Mr. PATMAN. No; I yield for a question.

Mr. DEWEY. The gentleman says there are no agencies permitted to buy critical and strategic materials now?

Mr. PATMAN. No; I did not say that.

Mr. DEWEY. Did the gentleman not say that we may have to go down to South America?

Mr. PATMAN. I said it is possible that the time will come when we will have to go to South America to obtain strategic, critical, and other materials that are needed in the national defense, and also needed not in national defense but to keep our small industries going in the United States.

Mr. DEWEY. Has the gentleman ever heard of the Defense Supplies Corporation?

Mr. PATMAN. Yes; it may do that.

Mr. DEWEY. Which may get these materials.

Mr. PATMAN. I concede that the R. F. C. has the right to purchase strategic and critical materials and that right is specifically reserved in this amendment. That was one of the objections made to it in the committee and that correction has been made. The R. F. C. has reserved to it all the rights, powers,

and privileges it has under existing law in this amendment.

The point I wish to make is that we need other materials beside strategic and critical to keep the 100,000 or 200,000 small industries in this country continuing in business, and it is possible that we will have to go to South America or other countries friendly to us, and even develop their mines and encourage their mining, in order to get these valuable materials. How are you going to do that if the Administrator does not have the power to buy and sell?

Mr. Baruch said this power was indispensable.

Let us take copper, for instance. Here is the way it will work. We want extra copper. The price has been fixed at 12 cents. Well, there are certain copper mines that cannot operate on 12-cent copper. It will take 24-cent copper, it will take 30-cent copper, it may take 40-cent copper in order for those mines to operate at a profit. So this provision will allow the Administrator to give that high-cost producer this extra profit. It is better to give him that money than to raise the whole copper price that much, which would cost national defense billions of dollars more. So this will not only help the high-cost producer in the mining of copper, aluminum, lead, zinc, steel, and everything else, but it will help in many other substantial ways.

Let us consider the question of imports. Imports cannot be controlled in any other way unless you give the Administrator the power to buy and sell, with a revolving fund. I agree that this is an enormous power, but this power is insignificant, it is nothing, when compared to the other powers that are granted in this bill. I do not like these powers but they are necessary.

[Here the gavel fell.]

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas [Mr. PATMAN]?

There was no objection.

Mr. PATMAN. Mr. Chairman, I do not like these powers, I dislike to vote to give anybody such power, but we have a national emergency that exists today that requires it. The question is, Are we behind national defense or are we against national defense? If we are against national defense we ought to do everything we can to block such efforts as this which is designed to cause an increase in production. This amendment will cause increased production in materials needed for national defense and to keep small businesses going.

Mr. TABER. Will the gentleman yield?

Mr. PATMAN. For a question.

Mr. TABER. The gentleman has not suggested how this will help national defense. I wonder if he will try to make that clear.

Mr. PATMAN. I am sure the gentleman was not listening to me.

Mr. TABER. Oh yes, I was.

Mr. PATMAN. This helps national defense to get materials that are needed here in the United States of America by small manufacturers and by people who

are engaged in the production of planes, tanks, guns, and ammunition.

Mr. TABER. That is already provided for in the language you have now. The language we have now does not give the power to buy and sell.

Mr. WOLCOTT rose.

Mr. PATMAN. I know the gentleman's point, and I appreciate his standing up, because it recalls to mind that we have the power to sell; but the revolving fund is not there, and it is absolutely essential and necessary in order to carry on the functions that are contemplated by the terms of this provision. We cannot carry it on otherwise.

If you are against the whole program, if you are against the administration, if you are against national defense, if you are against helping small business men, you should be opposed to this amendment; but if you are in favor of national defense, if you are in favor of encouraging production, if you are in favor of supporting the administration's foreign policy, you should be in favor of this amendment.

I know that the minority have a certain duty and obligation, and I commend them for assuming that obligation by pointing out anything that is critical and criticizing any legislation we propose. That is all right. I think it is helpful; I think it is constructive. I know that we have good, sensible men and women on the Republican side who are capable of doing that, and it is in the public interest. But, remember this, they have no responsibility. The responsibility is not on them in this. The responsibility is upon the majority party, the party that is sitting on this side of the aisle. There is where the responsibility is. We may expect them to suggest and propose any kind of an amendment that will be critical or destructive or crippling to a bill that the majority party presents.

Remember this, we are in an emergency now; we are in a situation where everyone is going to be called on to sacrifice. I shudder to think of the millions of good men and women who on next March 15 will be assessed a large amount of income taxes and will not have the money to pay them. The people are behind us in this defense program. They expect us to spend money, and they are willing to pay it; but they want us to do what is necessary to speed this program as rapidly as possible.

I insist that this provision is necessary in the interest of our domestic policy, and especially in the interest of national defense. I hope the amendment is adopted.

[Here the gavel fell.]

Mr. GIFFORD. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, we questioned Mr. Henderson rather carefully in the hearings in regard to this buying and selling provision. I will refer to what he said. As a speaker has told us, he used copper as an example, and attempted to reassure us with statements that there were but few such items expected to be dealt with.

Said Mr. Henderson:

I was referring to copper. There may be many companies today that would be glad to buy copper at 15 cents.

That some purchasers would be willing to pay much more than the ceiling price. He implied that he would be willing to let them pay more after the low-priced copper had been exhausted on the market.

We inquired of him whether, although willing to pay a higher price, they could not still sue for the ceiling price. He said, "Yes, it would be possible." He admitted that he must have this power to buy outright from the high-cost producer because we must have the production and protect the seller, both as to reasonable profit and legal entanglements. "We must build storehouses," he said. He suggested that such operations would be on a very large scale.

It is another great venture in putting Government in business. The picture was presented that only copper and few, if any other materials, would be involved. Today an amendment is contemplated to buy and sell anything the Administrator may think necessary to make his ceiling price stick and keep production going. How insignificant will appear Sears Roebuck. Let us pay subsidies if this bill forces such necessity but keep out of business.

Let us consider putting the Government into the business of buying, selling, finding customers, and deliberately selling at a loss and taking the usual credit chances. The producer has his organization and his customers. Let him do the best he can, and then, if by this act of his own Government he suffers losses, we should subsidize those losses. Do not take away his own customers and undertake all his hazards as well. Let us not open this door of a huge merchandising business. Let us not advance the capital and permit a vast revolving fund for pure storekeeping business by our Government. Subsidies, hateful enough to contemplate, are for a lesser evil. Peruse page 387 in the hearings and then consider the amendment to be offered by the committee. Some members voted against section (e) in the committee, yet that now seems very mild compared to the broad power they ask for today. Of course, it would create many more jobs, and that seems a paramount goal in this administration.

Mr. CARLSON. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Kansas.

Mr. CARLSON. Is there anything in this amendment that would prohibit the Administrator from using these funds to operate in the futures markets to raise and lower markets?

Mr. GIFFORD. It does seem so.

By this bill we attempt to give power enough to put out fires that have or may be started, but not appropriate a fire engine to every door, lest a fire might be kindled.

I desire a price-control bill. We should validate what is being or might be done. Business must be protected after acting in good faith in obedience to ceiling prices. But let us not plunge the Nation into a vast storekeeping proposition and supplant the present private activities of store, sales, delivery, and collection.

I repeat, pay subsidies if this bill forces us to do so, but keep out of business. I think my friend the gentleman from Illinois [Mr. DEWEY] has some clear arguments and I trust he will follow me in this discussion.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield for a question?

Mr. GIFFORD. Yes.

Mr. CRAWFORD. Does not the gentleman believe, in all sincerity and without any camouflage whatsoever, that under this provision the Administrator could set up vast storehouses in every large industrial city in this country, which takes in all of them, and perform a merchandising business just the same as a corner groceryman or anyone else?

Mr. GIFFORD. That is what I am trying to make clear. The Government would be forced to buy in great quantities and store and display goods over the entire Nation.

[Here the gavel fell.]

Mr. DEWEY. Mr. Chairman, I move to strike out the last three words, and ask unanimous consent to proceed for an additional 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. DEWEY. Mr. Chairman, I listened to my distinguished colleague from Texas and his statement that we on the minority side had a position as a watch dog, and I agree with him, and we generally have to maintain that position, but it is not our disposition at this time in any way to upset this bill or take away certain necessary powers from the Price Administrator. The main point that was under discussion in our recent meeting when this amendment was offered as a committee amendment was that it was not necessary to have a revolving fund. No one wished to take away from the Administrator his powers to buy high-cost production materials that were necessary to stimulate production; but, as the Congress well knows, we have various agencies of the Government that are equipped by experience and by unlimited borrowing facilities already given to them by this Congress to do these things, and that in the past month the Price Administrator has been using them and it was the wish of almost a majority of the committee that he continue that function.

There is no doubt that there is necessity to subsidize certain high-cost producers. It was brought out that during the first World War they had a different system of subsidy. The ceilings were applied on what was known as a bulk-line basis. The ceilings were placed at such a point that the highest-cost producers might produce, but what did that do to the low-cost producers? It caused them to make tremendously large profits, and the Government had to pay more for the material. So now, not wishing to follow the old bulk-line theory, it is the idea to give to the administration the right to buy at a higher price from high-cost producers, but that differential between the ceiling and the higher price will be subsidized by the Government; but by the same token we do not want

to have the Price Administrator with his numerous other duties have to set up a little R. F. C. or a little Defense Supplies Corporation parallel to those now existing.

In a statement that was sent out by the Price Control Office one paragraph said in commenting upon the taking out of this paragraph from the original bill which is now again under consideration as a committee amendment or as a substitute amendment which I hope to offer later:

Why these changes are made is difficult to understand. Perhaps, the committee felt that the adequate powers to buy and sell imported products existed in other agencies of the Government, but existing legislation is limited to only strategic or critical materials.

This is not correct because I have here the Government Manual and I have before me the purposes of the Defense Supplies Corporation, one of the corporations of the Federal Loan Agency, and the purpose of this Corporation is to produce, acquire, carry, sell, or otherwise deal in strategic and critical materials and supplies, and further on—

to take such further action as the President and the Federal Loan Administrator deem necessary to expedite the national-defense program.

Mr. Chairman, every such power is now held in the Federal Loan Administration. I am in favor—and I think many other members of the minority are in favor—of the Price Administrator having the power to buy high-cost production material, but they are not in favor of having him setting up another little agency similar to the ones already existing and buying and selling at will. This would be an additional burden on the taxpayers and I think would cause utter confusion in the Federal Loan Administration and in other similar agencies.

Mr. COFFEE of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. DEWEY. I yield to the gentleman.

Mr. COFFEE of Nebraska. Is it not a fact that power was granted under the Lend-Lease Act to the President to buy any defense article and was not any defense article defined so broadly as to include almost anything?

Mr. DEWEY. That is quite correct and I thank the gentleman for his contribution.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. DEWEY. I yield to my colleague from Illinois.

Miss SUMNER of Illinois. What makes the gentleman think that the organization will be little? If they treat all people the same and buy all high-cost producers' materials in the same way, it would cost billions of dollars, it seems to me.

Mr. DEWEY. It would set up another large agency and the limits of it would be quite in the hands of the Price Administrator.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. DEWEY. I yield to the gentleman from Michigan.

Mr. CRAWFORD. I think earlier in the day the gentleman from Texas [Mr.

PATMAN] left the impression on the House that Mr. Henderson might run the Price Control Administration machinery with \$100,000 a year as the total expense.

Mr. DEWEY. I think it was 100,000 men.

Mr. CRAWFORD. Does not the gentleman believe that this one new division, if it is created, will cost more than \$100,000 a year from the standpoint of personnel alone?

Mr. DEWEY. I think there is no doubt of that.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. DEWEY. Yes, sir.

Mr. PATMAN. The gentleman does not seriously contend that it will take \$100,000 to administer this feature, when the R. F. C. will continue their functions. This will not supplement what the R. F. C. does.

Mr. DEWEY. The gentleman well knows that when any body of the Government secures the appropriation of a revolving fund, it is going to make that fund revolve.

Mr. PATMAN. But the gentleman does not know how much it will be.

Mr. DEWEY. No; but I know how much has already been appropriated for national-defense commissions and bureaus, and I am taking my figures from those.

Mr. COFFEE of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. DEWEY. Yes, sir.

Mr. COFFEE of Nebraska. I believe the gentleman from Texas [Mr. PATMAN] mentioned \$100,000 as the sum to administer this bill. Further on, he indicated there were 1,300 men at present in O. P. A. C. That would take at least two or three million dollars right there, without any additional men.

Mr. DEWEY. I think \$100,000 in such an organization would be very small.

Mr. PATMAN. I must have been referring to something else. I think \$100,000 would be too little.

Mr. DEWEY. I think it would be entirely too little. I think 100,000 men would be a more likely figure.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. DEWEY. Yes.

Mr. GIFFORD. I trust the gentleman recalls that Mr. Henderson said that the people who wanted to buy copper would be glad to pay much more than the ceiling price, and when he was questioned he said that they would be glad to pay much more than the ceiling price, and if they paid it, then they would turn around and sue because they had not lived up to the ceiling price, and he finally decided that he could have only one ceiling price, and in order to prevent profits accruing to the low-cost producer, "we must buy and sell." The gentleman and I thought it meant simply a substitute on a few materials.

Mr. DEWEY. That was the general impression then, but I have changed my mind considerably since that time.

Mr. GIFFORD. Why did they come in here yesterday and upset this bill? Why did the committee come in? Does the gentleman know what happened?

What happened that they should come in and ask for this?

Mr. DEWEY. I cannot conceive. The vote was brought up so quickly that I was confused.

Mr. GIFFORD. I was out of the committee room at the moment. I tried to get back in a minute. I was there practically all the morning. Did not the committee assign any reason?

Mr. DEWEY. I think the only reason was that it was 5 minutes to 12 o'clock.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. DEWEY. Mr. Chairman, I shall rise later to propose the following substitute amendment:

SEC. 2 (e), page 6, strike all of the paragraph (e) commencing on line 16, and insert:

"(e) Whenever in the judgment of the Administrator it is necessary, in order to effectuate the purposes of this act, to obtain the production of marginal or high-cost producers, he may so notify the President, and the President may direct any existing agency or agencies of the United States to exercise, and any such agency or agencies shall exercise in accordance with such directions, any authority heretofore or hereafter conferred on them by law to buy, sell, store, or use any commodity produced in the United States by any such producer: *Provided*, That any materials which have been heretofore or may hereafter be defined as strategic and critical materials and supplies by the President pursuant to section 5d of the Reconstruction Finance Corporation Act, as amended, may be bought in order to carry out the purposes of this act only by corporations created or organized pursuant to said section 5d, upon such terms and conditions as they may determine, and only with the approval of the President and the Federal Loan Administrator; *Provided further*, That nothing in this section shall be deemed to modify, suspend, amend, or supersede any provision of the Tariff Act of 1930, as amended: *Provided further*, That nothing in this section, or any existing law, shall be construed to authorize any sale or other disposition of any agricultural commodity contrary to the provision of the Agricultural Adjustment Act of 1938, as amended."

Mr. CRAWFORD. Mr. Chairman, I rise in opposition to the pro forma amendment and ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. Is there objection? There was no objection.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. Yes.

Mr. TABER. Can the gentleman imagine anything that would be more apt to promote inflation than the adoption of this amendment?

Mr. CRAWFORD. I think it would be a great contribution to it. Furthermore, I want to point out that the markets of this country belong to the people of this country. The people possess them by inalienable right, because it is the people who produce, who consume, but who, whether we like it or not, will exercise their own judgment in buying and selling. That will be the situation unless we convert the people to going along with so-called emergency control.

Price is the vox populi of world economic life. It is the people's ballot box, perhaps the only true democracy in the world today. It will tolerate no despot,

no autocrat. Price should tell the farmer whether he ought to produce more wheat or cotton or curtail his production. Price tells the consumer whether he can or should buy. It is automatic in its operation.

Government after government, including our own, has tried price fixing, regimentation of production, attempts at marketing control, promulgating quotas, and what not. Yet in spite of all these strivings, the desired equilibrium between agricultural and industrial prices evades us like the pot of gold at the end of the rainbow; and we come in here with this proposal to put the Government in business against every producer, every merchandiser in the United States.

The committee first provided that this operation might be brought into form only insofar as domestic products are concerned; but now this amendment comes in as a recommendation of the committee and proposes to extend the powers to reach to all parts of the world; to contact all producers and all consumers.

I cannot imagine anything that is any more destructive or any more confusing to our people than for us to approve an amendment such as is here recommended by the chairman of our committee. I cannot understand why Mr. Henderson and Mr. Ginsburg would promote such an amendment at this time and thus further create disunity in this House and among the people of this country. It is highly un-American. It is undemocratic. It is vicious because it serves notice on everybody that he must compete with the United States Government insofar as the administration of the price-control machinery is concerned. We should defeat this amendment. Certainly we should restrict it to products made in the United States if you do not defeat the amendment in its entirety.

Mr. STEFAN. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. STEFAN. In the gentleman's opinion, is this the beginning of the end of the American market for the American farmer?

Mr. CRAWFORD. I believe that. Owners and operators of private property should not be compelled to go groping along in a maze of uncertainty, with a feeling that a planning board is lurking behind every rock and tree, ready, on and in response to impulse, however generated, to put prices up or down to their disadvantage.

That is exactly the substance and purpose of this amendment; and therefore we should defeat it, and I hope that will be the vote of the Committee.

For after all what is supply and what is demand except the reaction of the people themselves to the conditions of their existence? Human behaviorism is the deciding factor. The market belongs to the people. It is in the market place that they express their judgment on values. The market degenerates into a mere Charlie McCarthy when it gets into the hands of government. Its imperative requirement is freedom. Nowhere else is liberty more precious. The people will submit to conscription of their youth

for war, to taxes amounting to confiscation, but they will take a final stand on their judgment of prices, for when they speak it is not as individuals but as the people—all the people over the whole of our mechanized, monetary world of trade.

Mr. CASE of South Dakota. Mr. Chairman, I move to strike out the last four words.

Mr. STEAGALL. Will the gentleman permit me to make an inquiry?

Mr. CASE of South Dakota. Yes; if it is not taken out of my time.

Mr. STEAGALL. I wonder how many Members desire to be heard on this provision.

Mr. WOLCOTT. I may say there are two amendments on this side which will be offered. I do not know how many there are in addition to that who will want to speak.

The CHAIRMAN. If the Chair may be indulged a moment, there are three other amendments on the desk to this section. There are two amendments on the desk to the committee amendment.

Mr. STEAGALL. Mr. Chairman, it is manifest that it will inconvenience quite a number of Members if we have to sit here much longer tonight. If it is agreeable to the gentleman to withhold his recognition until Friday—

Mr. CASE of South Dakota. If the gentleman will pardon me, I yielded back my time at 3 o'clock and deferred to the gentleman's side then. I would like to proceed at this time.

Mr. STEAGALL. I will not interrupt the gentleman further.

"THE MUSIC GOES ROUND AND ROUND AND COMES OUT HERE"—SO DOES PURCHASING POWER

Mr. CASE of South Dakota. Mr. Chairman, the committee bill proposes selective price control. The committee amendment, now pending, proposes to implement selective price control by selective purchasing and sale—bucket-shop operations in commodities by the Government. That is selective price control in its worst form.

To dress the amendment up a bit, to tone down the bad odor, much has been made of a provision in the amendment to preserve the functions of the R. F. C. and the operations of the Tariff Act. Now the simple fact is that if the bill is defeated there is no need for adopting this amendment. If we do not take on this pain in the neck, we will not need the pain killer, which would introduce the worst wallop in the bill.

The gentleman from Texas [Mr. PATMAN], in speaking in behalf of the pending committee amendment, tried to find consolation in the fact that at the present time the Government goes into the market in security operations, in the purchase and sale of bonds and Government securities.

I want to emphasize the point I brought out in my interrogation of the gentleman, that there is a vast difference between proposing that the Government go into the market to deal in commodities, and going into the market as it does at present, to deal in its own securities. The difference involves a fiscal question which I thought the gentleman himself would have been the first to

appreciate. In times past, he has not been any too complimentary of the Government's discount operations. Yet when the Government is dealing in its own securities, the effects of that dealing, whatever they may be, are diffused impartially to all branches of commerce. But when the Government goes into the market for selective purchasing and sale of commodities the results are not diffused. They strike in spots. And you have given to some administrator and his underlings the power of reward and penalty.

The Government will make or break a market in any commodity at the sweet whim of someone who never made a pay roll in his whole life. That illustrates the evil in the whole principle of selective price control and its most vicious form in selective purchasing.

Mr. PATMAN. Will the gentleman yield?

Mr. CASE of South Dakota. I yield.

Mr. PATMAN. If you want to increase your copper production 10 percent, is it not better to pay two or three times as much for that high-cost production than it is to raise the whole copper price structure on the whole 100 percent?

Mr. CASE of South Dakota. Yes; but you can meet that situation in strategic or essential materials for the Army and Navy under the Buy American Act now on the statute books.

Furthermore, the amendment proposed by the committee does not limit this premium buying and penalty selling to items of that kind. It is all-embracing. It gives to the Administrator the power to go wherever he or his underlings want to go.

Now certainly the committee had its own doubts on this score. They reported the bill without this selective-purchasing and sale provision. The expected administrator, we understand, said the bill would not work without it. So now they offer it and say it is essential. That is the fundamental weakness of this committee bill; it has an appetite for power. Each grant of power given requires another.

The truth is that selective price control cannot work. It cannot work because in the terms of the old song, "The music goes round and round and comes out here."

That is the fundamental weakness of selective price control. They tell us we have more dollars and fewer goods. Dollars compete for goods and the price of wanted goods goes up. So selective price control says we will put a ceiling on those prices. What happens? You have purchasing power and you hold it down here, and what does it do? It seeks an outlet. It wants to buy goods. It breaks out somewhere else.

Either you must provide goods for the money to buy or you must provide some other place for that purchasing power to go.

That is why the suggestion of the gentleman from California that we provide goods has some merit. Another answer that has been suggested is that of deferred income payments or defense-savings bonds.

Effective price control must take into consideration all of the factors that go to make up prices.

A false hope is being held out here in the suggestion that we can have price control and not affect wages. When I was home along in September I said to some of my audiences: "We have a price-control bill introduced down there, and it proposes to control everything except wages." I stopped, and invariably the people laughed, because they knew you could not control prices unless you controlled wages.

You cannot control the prices of raw materials unless you control wages. You cannot control transportation unless you control wages.

Nor can you control these things unless you control the flow of money, unless you control the extension of credit, unless you have an all-embracing proposition involving the rediscount rate, reserve ratios, and all the factors that go into determining prices. Without something of that sort price control cannot work.

Selective price control—there is no such thing. Prices are relationships.

The day the President's price-control message came before the House I had the privilege of offering for the Record a letter from my college teacher in economics in which he suggested that Congress should first set up a study for integrating fiscal and monetary policies. He pointed out that if we are going to have any effective price control, we must do two things: First, we must find some outlet for purchasing power when there is a diminished supply of goods; second, we must find some way of integrating the various controls on money with controls on prices.

I hope you will look up that letter. It was put in the July 30 Record, 2 days before the committee got its bill, 5 days before hearings began. In fact, I think when we go back into the House I will ask permission to reinsert that letter in my remarks. I hope before we vote on this bill you will read that letter by Dr. Hahne, because it suggests the fundamental principles we should keep in mind.

Among other things Dr. Hahne points out that it would take 35 years of the Defense Tax Act to pay the principal of existing governmental debts on the basis of the present national income. We have added to that debt since July, and soon will add several billions more.

Dr. Hahne raises the question—

Is it better to allow some inflation and the normal economic method of defraying acute indebtedness, or is it better to fix price controls that interfere with the normal workings of the price system?

His letter points out that—

The conscious effort of the past decade to raise prices is now being supplemented by the normal workings of the economic system, and this disturbs those who feel that the situation is getting out of hand because it is no longer subject to their theories of conscious control.

He concludes:

Before conceding control over prices to any single agency, which by virtue of the great

burden must assign details to less and less competent assistants, it is desirable to weigh these relative values.

I am sure you will find the letter of value in your thinking on this problem. I have seen the fundamental principles it states coming up again and again in this debate. I especially urge that you note the sequence of steps taken in Germany and the constructive suggestions with which the letter closes. If we are to have price control, let it be a coordinated system that will preserve and not destroy the capacity of the country to finance the tremendous effort in which it is now engaged.

The letter referred to follows:

NORTHWESTERN UNIVERSITY,
COLLEGE OF LIBERAL ARTS,
Evanston, Ill., July 28, 1941.

HON. FRANCIS H. CASE,
New House Office Building,
Washington, D. C.

DEAR MR. CASE: The current discussion of price control for the purpose of preventing inflationary tendencies prompts the following letter, which I hope may assist you in formulating a sound judgment with respect to this extremely important issue.

I am assuming that it is necessary to maintain capitalistic democracy with both sound military and economic measures, and that military measures alone are inadequate.

THE EUROPEAN PATTERN

The experience in European countries where price controls have been used most extensively now shows a vaguely defined pattern or stages of historical development. Those stages have been set forth by eminent German economists as follows:

1. Spot control: Originally intended as temporary price controls for particular prices, but subsequently proving to have been the beginning of a permanent program.

2. Key-price controls: Maximum prices for selected commodities or industries, usually those which have been well cartelized during peacetimes.

3. Antiprofitteering laws: Primarily excess-profits taxes followed shortly by penalty taxes and/or administrative "price-discouragement methods" aimed to discourage evasions and violations of maximum price decrees.

4. Wage and price freezing decrees (Italy, 1927; Germany, 1936; Japan, 1939): Intended to apply generally to the whole economic order, somewhat along the lines of the Baruch plan as outlined by C. O. Hardy in his War-time Control of Prices.

5. Rationing: Beginning with priorities and supplemented with noneconomic sanctions.

6. Centralization and the use of equalization funds: Centralized control for both wholesale and retail prices through buying and selling agencies supplemented with offices which supervise interdependent prices.

Such price-control developments could be followed here in the United States, provided there is an agreement to modify the economic order, and to abandon sound economic principles, and to adopt the policy of conscious control by a few power-using agencies.

It is very desirable that the proposals now being made which look toward the abandonment of sound economic principles be branded and recognized for what they are worth. It is unwise for regulatory agencies, as well as legislative groups to adopt price-control systems that are founded upon fallacies that can be proved to be unsound in advance of opportunistic experimentation.

FALLACY NO. 1

One commonly accepted fallacy is that output can be restricted as a part of the program for preventing inflation.

Take, for example, the proposal to restrict the production of automobiles. Suppose that for purposes of price controls the administration has been able to fix absolutely the total quantity of purchasing power, which, to say the least is a questionable assumption, and that at any given time there is a totality of \$200,000,000 that may be spent as purchasing power. All other things remaining the same, a reduction in cars will raise prices; thus if 1,000,000 cars are made then they will sell for \$200 each, if 500,000 cars are produced they will sell for \$400 each, while 100,000 cars would sell for \$2,000 each.

Of course, this is absurdly simple, but not clearly understood, because it is reported in the press that O. P. A. C. S. desires to avoid price increases, and the dangers of inflation, while at the same time they recommend curtailment in the output of cars. The purpose and policy are contradictory.

Unless restriction of output is simultaneously accompanied by similar, or greater, restriction of total purchasing power, price rises will take place. The abnormal war demands automatically disturb industry and inevitably lead to curtailment of output of normal consumer goods. The conscious effort of the past decade to raise prices is now being supplemented by the normal workings of the economic system, and this disturbs those who feel that the situation is getting out of hand because it is no longer subject to their theories of conscious control.

The efforts to raise prices during the thirties were approved by the people at the polls, therefore, a repudiation of that policy today is politically dangerous, at the same time that it is economically unsound.

FALLACY NO. 2

A second common fallacy is that prices can be regulated without regulating incomes.

Initial proposals for price controls always assure that there will be no regulation of wages, except in countries where there is a definite attempt to redistribute incomes and wealth. This fallacy is founded upon a failure to recognize the close relationships between incomes, costs, and prices. To wage earners higher wages are desirable because they are incomes; to management higher wages are undesirable because they constitute higher costs; in short, costs are incomes.

Prices are related not to past but to prospective costs, and if prices are controlled by administrative fiat, there must be regard for costs, one of the most important of which is wages.

Whenever Congress grants price-control powers to the administration it impliedly grants powers to control wages, plus interest, plus rents.

Congress cannot separate incomes and costs, neither can any administrator.

But from a tactical viewpoint it is always emphasized that prices are controlled for the sake of the wage earners, while in the long run wages must be fixed if prices are fixed.

Will Congress, after these years of cooperating with the trade-unions of America in securing the rights and recognition of collective bargaining, want to deprive those same trade-unions of their very purpose of existence by taking from them their powers of collective bargaining with respect to wages, hours, and conditions of labor? I doubt if trade-unions want to freeze wages, and especially if that power is lodged in the hands of an administrator that might find it difficult to separate incomes and costs.

A congressional vote to grant price control is a vote to hand wage control over to the administration, perhaps not at once, but insidiously and invidiously.

FALLACY NO. 3

A third common fallacy is that it is possible to check the threat of inflation by controlling particular prices, and that this automatically involves control over the price level.

Unless control over particular prices is accompanied by control over the general level of prices, conflicting economic forces will be set in motion that would lead to the defeat of price controls. That there is a general level of prices different in 1932 than in 1940 cannot be denied, nor can it be denied that the value of money is different than the value of goods.

To regulate the value of money, the general price level, it is necessary to manipulate the rediscount rate, the reserve ratios, the open-market operations, the flow of specie, the extension of bank credit, and these controls must move in harmony with those over particular prices.

This calls for a centralization of powers that is now diffused in the hands of the Federal Reserve Board, the Treasury, the Departments of Agriculture and Commerce, and placing these powers in the hands of that central agency which establishes control over particular prices.

To assume perfect harmony, say between the Department of Agriculture with respect to the fair price of farm products and the price administrator, who fixes the prices of the things the farmer buys, requires considerable faith in human nature. Harmony can be best established when the centralized powers of the price administrator include that of fixing all prices.

Moreover, if those now exercising powers over the extension of bank credit should make a move that would upset the apple cart of the interdependent prices fixed by the price administrator, it would be eventually necessary to divest the Federal Reserve Board and Treasury of their controls over credit and lodge such powers in the hands of the Price Administrator.

Do you think that under the American economic system there is anyone, or any group of men, sufficiently omniscient to exercise such control over the economic order?

FALLACY NO. 4

A fourth fallacy now current is that the proposed taxes under the revenue revision of 1941 will prove a sufficiently powerful check upon spending as to prevent inflation.

From 1933 to 1939 taxes and loans were used to finance spending and raise prices; now, with substantially the same taxes, the theory has changed and taxes will lower prices. Since the taxes are the same, the taxpayers the same, the tax incidence the same, it necessarily follows that the effects will be the same. The only variable factor in the situation is the willingness of the people to spend. Thus taxes were used during the great depression to pry people loose from their money, get it into circulation, and assure spending, whereas today it is assumed people are willing to spend and should be prevented from spending.

The funds collected by the 1941 taxes and Treasury loans will be used to buy war needs; then the laborers, managers, and industries supplying these needs get the funds; they will spend the money raised by these taxes. Hence the only difference is found in the time when the spending takes place.

To prevent inflation it is necessary that the taxes be accompanied by some method of absorbing the funds after they accomplish war purchases. Should this be left to the Price Administrator? My suggestion is that it could be much better accomplished through a deferred income plan.

FALLACY NO. 5

In the fifth place, a common current fallacy is that all inflationary measures are undesirable.

The fact is that the problem of price control involves a judgment as to the merits of relative values. Thus on July 24 the House was told that appropriations and contract authorizations for defense purposes would reach \$52,000,000,000. We now know that the State and local debts reach about

\$19,000,000,000, that the Federal direct and guaranteed debt is about \$56,000,000,000, or a total governmental load of \$121,000,000,000.

Assuming that the present tax load of \$3,500,000,000 proposed in the pending revenue legislation is continued simply to pay the principal of this existing governmental debt, it would take 35 years to pay the principal, let alone the added interest loads that must be borne.

The relative question, then, is this: Is it better to allow some inflation and the normal economic method of defraying acute indebtedness, or is it better to fix price controls that interfere with the normal workings of the price system?

Some reputable economists now regard inflation as a kind of tax, a creditors' tax, a tax on fixed-income receivers. If this view is sound, the issue then centers on the question as to the most desirable form of taxation. Before conceding control over prices to any single agency, which by virtue of the great burden must assign details to less and less competent assistants, it is desirable to weigh these relative values.

TWO SUGGESTIONS

May I offer two suggestions?

First, Congress should give further consideration to the deferred-income plan.

Thus by mopping up the tax and loan funds after they have been used to buy war materials, through the sale of bonds the limit placed on purchasing power becomes direct and effective. Such bonds should not be used as collateral for bank loans, nor should they carry conversion privileges, nor should they be cashed before the end of the military emergency, and then they should be used to buy the peacetime goods which will have experienced a curtailment in demand because of the war program.

England steered away from the deferred-income plan until it became apparent that price controls were breaking down, when the plan was finally adopted. Many sound and reputable economists favor this plan for America.

Second, Congress should at once set up a special committee to investigate and report a program designed to integrate fiscal and monetary policy.

Perhaps this could be done through some of the proposed committees already proposed by several Congressmen. Any intelligent citizen familiar with the overwhelming load imposed upon a diligent Congressman knows that he has neither the time, human endurance, nor inclination to master the complexities surrounding the predicament now caused by depression financing, defense financing, and prospective war financing.

Just as Great Britain called for the Colwyn Debt Committee to help solve the national-debt problem and the Macmillan committee to help solve the monetary problem, so, too, Congress might call for assistance from the reserves of the legal, statistical, accounting, and economic professions. This store of information is equal to that to be found in the different departments and agencies in the administrative branch, and would doubtless be welcomed by many in the different bureaus.

The responsibility belongs to Congress alone; aid can be secured from many untapped sources. Time is of the very essence of the price-control problem and such a committee should be established by Congress immediately.

Very truly yours,

ERNEST H. HAHNE,
Professor of Economics.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and Mr. COOPER, Chairman of the Committee of the Whole House on the state of the

Union, reported that that Committee, having had under consideration the bill H. R. 5990, the Emergency Price Control Act of 1941, had come to no resolution thereon.

EXTENSION OF REMARKS

Mr. TABER. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the Appendix of the RECORD and to insert an article from Time magazine of November 24, 1941.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MUNDT. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a newspaper editorial on propaganda in the motion-picture industry.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. JOHNSON of West Virginia. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include therein a letter addressed by Senator McKELLAR to Senator CARTER GLASS on the development of the Tennessee Valley Authority.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. DEWEY. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made today in the committee and to include therein a proposed substitute amendment.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. DEWEY]?

There was no objection.

Mr. PATMAN. Mr. Speaker, I make the same request.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. PATMAN]?

There was no objection.

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made in committee this afternoon and to include therein a letter to which I referred.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota [Mr. CASE]?

There was no objection.

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a statement and a letter from General Gregory of the War Department.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. CANNON]?

There was no objection.

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a resolution of the Board of Supervisors of Los Angeles County.

The SPEAKER. Is there objection to the request of the gentleman from California [Mr. VOORHIS]?

There was no objection.

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and to include a proposed amendment to

the price-fixing bill which has to do with the establishment of a price-control administrator and an administrative board of review, which I will offer as an amendment to the bill when the committee considers it again Friday.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. WOLCOTT]?

There was no objection.

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to extend the remarks I made this afternoon and include as a part thereof four short telegrams from organized workers in my home town, as well as a statement I prepared on markets.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. CRAWFORD]?

There was no objection.

ADJOURNMENT

Mr. STEAGALL. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 30 minutes p. m.), under its previous order, the House adjourned until Friday, November 28, 1941, at 11 o'clock a. m.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of the Committee on Interstate and Foreign Commerce at 10 a. m., Thursday, November 27, 1941.

Business to be considered: Resume hearings on the Securities Act of 1933 and the Securities Exchange Act of 1934.

COMMITTEE ON THE JUDICIARY

Subcommittee No. 4 of the Committee on the Judiciary will hold hearings on H. R. 6045, to amend the act entitled "An act to require the registration of persons employed by agencies to disseminate propaganda in the United States, and for other purposes," approved June 8, 1938, as amended, on Friday, November 28, 1941, at 10 a. m., room 346, House Office Building.

Subcommittee No. 4 of the Committee on the Judiciary will hold hearings on H. R. 6056, to regulate in the United States Court of Claims suits for payment for the use of inventions by or for the Government, on Wednesday, December 3, 1941, at 10 a. m., room 346, House Office Building.

COMMITTEE ON INSULAR AFFAIRS

There will be a meeting of the Committee on Insular Affairs at 10:30 a. m., on Friday, November 28, 1941, for the consideration of amendments to S. 1623 and H. R. 5925.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

There will be a meeting of the Subcommittee on Aviation of the Committee on Interstate and Foreign Commerce at 10 a. m., Monday, December 8, 1941.

Business to be considered: Hearings on H. R. 5695, a bill to amend the Civilian Pilot Training Act of 1939 so as to provide for the training of civilian aviation mechanics.

torium on March 21, 1940, and the Veterans' Administration does not question the emergency. However, the requirement that the condition be service-connected and of a compensable degree is not shown to have been met.

Inasmuch as the Kula Sanatorium in its capacity as a county institution furnishes hospitalization to individuals other than veterans, the charges for treatment would necessarily be against a person securing such treatment except where the institution, in accordance with approved practice, obtains proper authority for treatment of the veteran from the Veterans' Administration. The expenses involved in treatment for the period between the date of admission and the date authority for treatment as a beneficiary of the Veterans' Administration was obtained, do not appear to be a proper charge against the Federal Government.

I do not feel, therefore, that I would be justified in approving the bill.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, November 28, 1941.

The SPEAKER. The objections of the President will be spread at large upon the Journal and the message, together with the accompanying papers, referred to the Committee on Claims and ordered to be printed.

FURTHER VETO MESSAGE FROM THE PRESIDENT—RAYMOND J. McMAHON (H. DOC. NO. 451)

The SPEAKER laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I return herewith, without my approval, H. R. 3731, "For the relief of Raymond J. McMahon."

It is the purpose of the bill to authorize the appointment of Raymond J. McMahon, ensign, United States Naval Reserve, to the rank of lieutenant, junior grade, and, immediately upon such appointment, to place him on the retired list of the Navy.

Ensign McMahon was injured in the performance of his duty, having lost his left arm above the elbow in an airplane accident on July 9, 1937.

Under the provisions of the act of June 25, 1938, Ensign McMahon would be entitled, upon his release from active duty, to the benefits of the Employees' Compensation Act, and, should his claim be allowed, would be entitled to compensation according to the degree of disability, not to exceed \$96 per month.

Approval of the bill would entitle Ensign McMahon to retirement pay of 75 percent of the amount of his active pay as lieutenant, junior grade. The Naval Aviation Personnel Act of 1940 provided the same rate of disability and retirement pay to naval and marine reserves as was provided prior thereto for the regular personnel of the Navy and Marine Corps. Ensign McMahon, however, was injured prior to the approval of the Naval Aviation Personnel Act of 1940, and he is not entitled to the benefits thereof.

In view of the relief afforded Ensign McMahon by existing law, and of the fact

that other Reserve personnel who may have been injured prior to the 1940 act would be equally entitled to receive the same relief as is proposed in the bill under consideration, I do not feel that I would be justified in approving the bill.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE, November 28, 1941.

The SPEAKER. The objections of the President will be spread at large upon the Journal, and the message, together with the accompanying papers, will be referred to the Committee on Naval Affairs and ordered to be printed.

VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—W. L. B. VAN DYKE (H. DOC. NO. 450)

The SPEAKER laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I return herewith, without my approval, H. R. 4117, a bill for the relief of W. L. B. Van Dyke.

It is the purpose of the bill to refund to W. L. B. Van Dyke, out of any money available in the Federal Treasury for the payment of money orders more than 1 year old, the amount of money orders held by Van Dyke and upon which refunds have not been made by the Treasury Department.

According to the facts stated in the report of the Committee on Claims of the House of Representatives, the National Conference on Legalizing Lotteries, Inc., was organized in January 1936 by a number of private citizens as a means of supporting welfare activities without public taxation. Van Dyke was engaged to handle the advertising for this enterprise. Copy for a proposed advertisement to be inserted in a weekly publication was submitted to the Post Office Department in February 1936, and the publication was advised by one of the solicitors for the Department that "copies of the paper containing this advertisement will not be refused admission to the mails, it being understood that full responsibility for any violation of law involved will rest with the senders." It is stated that Van Dyke accepted employment in reliance on this action of the Post Office Department and in the belief that the enterprise was lawful.

On April 28, 1936, the Postmaster General, on the basis of evidence that the scheme was a lottery, issued a so-called fraud order, which required the postmaster general of New York City not to certify any postal money orders in favor of the lottery corporation, and to notify remitters that their money would be returned upon presentation of duplicate money orders, in accordance with departmental regulations. Further mail deliveries to the organization were suspended.

Litigation was instituted by the National Conference on Legalizing Lotteries, Inc., on April 29, 1936, against the post-office authorities to enjoin enforcement of the order. After extended litigation, the order of the Postmaster General was upheld. In the meantime money orders amounting to nearly \$18,000 had accumulated in the hands of the lottery

corporation, and some of these orders, it is understood, were transferred to Van Dyke and others in payment for services and advances. They constitute the subject matter of this legislation. It is estimated that approximately 90 percent of the amount represented by these orders has been remitted to the purchasers. The balance is held in the Treasury subject to the issuance of any further warrants in favor of remitters.

It is evident that the statement in the letter of the departmental solicitor contained no assurance that the scheme itself was a lawful enterprise. On the contrary, it contained a plain warning that those interested were proceeding at their own risk. In any case, it could hardly be contended that the Government was estopped thereby from enforcing the law against the activities of the lottery corporation or from withholding payment of money orders (including those already on hand) forwarded to it in pursuance of the unlawful scheme, in accordance with its established policy in such cases. While the position of Van Dyke and other creditors who had made advances and performed services for the organization without receiving payment therefor might well be viewed as unfortunate, the Government is not called upon to make good the obligations of the lottery corporation to its creditors or waive enforcement of its regulations in order to enable that organization to collect the amount of the money orders on hand and use the proceeds to pay Van Dyke and other creditors.

By subsequently transferring the money orders to Van Dyke to compensate him for his services, the lottery corporation could not alter their character or enlarge the moral obligation of the Government with respect to them. In performing services and extending credit to the lottery corporation, neither Van Dyke nor any of the other creditors was entitled to infer from the Solicitor's letter that the scheme was lawful or assume that the Government would protect them against loss. They were in no better position than the lottery corporation. If the Government was right in suspending payment of the orders in the first place, as can hardly be doubted, no equity was created in favor of Van Dyke by the subsequent transfer of the orders to him or by the circumstance that a number of persons who were entitled to a refund under the regulations of the Department have not applied for a refund and may not do so.

To authorize payment of these orders to Van Dyke, even within the limitations stated in the bill, would encourage appeals for relief in similar cases where creditors of lottery enterprises have been left without recourse, would be construed as a precedent for relief in other cases, and would tend to weaken efforts of the Government to curb activities of this nature.

For these reasons, and on grounds of broad policy, I feel obliged to withhold my approval from this measure.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, November 28, 1941.

The SPEAKER. The objections of the President will be spread at large upon

the Journal and the message, together with the accompanying papers, referred to the Committee on Claims and ordered to be printed.

VETO MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—ELIZABETH AYERS (H. DOC. NO. 449)

The SPEAKER laid before the House the following veto message from the President of the United States:

To the House of Representatives:

I am returning herewith, without my approval, H. R. 4246, "For the relief of Elizabeth Ayers."

It is the purpose of the bill to pay the sum of \$1,163.95 to Elizabeth Ayers of Mount Vernon, Ohio, in settlement of her claims against the United States for hospital bills, doctors' bills, and funeral expenses of her husband, Richard R. Ayers, a former employee of the Emergency Relief Administration at Mount Vernon, Ohio, who was injured June 1, 1935, by the caving in of a sewer project on which he was working, and who died August 22, 1935.

The act of June 22, 1936, provided compensation for disability and death in the case of employees of the Federal Emergency Relief Administration, and Mrs. Ayers has, since that date, been paid compensation by reason of the death of her husband. The provisions of this act, however, were not retroactive in effect; and, since the injury in the case under consideration occurred on June 1, 1935, relief could not be granted under that act.

I do not believe that I would be justified in approving a private relief bill in this case, since there doubtless were many other employees of the Federal Emergency Relief Administration who were either injured or killed prior to the act of June 22, 1936, and for whom no relief has been provided.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, November 28, 1941.

The SPEAKER. The objections of the President will be spread at large upon the Journal, and the message, together with the accompanying papers, will be referred to the Committee on Claims, and ordered to be printed.

EXTENSION OF REMARKS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a very splendid and well-deserved editorial on that great statesman, United States Senator GEORGE W. NORRIS.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. RANKIN of Mississippi. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a resolution adopted by the representatives of the Rural Electrification Cooperatives in the State of Illinois.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. RANKIN of Mississippi. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, revise and extend my remarks, and insert extracts from a release by the Department of Labor.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

[Mr. RANKIN of Mississippi addressed the House. His remarks appear in the Appendix of the RECORD.]

SITUATION OF FRUIT FARMERS

Mr. BUCK. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. BUCK. Mr. Speaker, the gentleman from Mississippi [Mr. RANKIN] has delivered a very important and somewhat impassioned appeal on account of some southern farm commodities. I wonder how many people who are here know what the fruit growers, particularly the grape growers of California, will suffer if this bill is passed as it stands at the present time. Later in the afternoon I propose to offer an amendment which at least will take care of some of the difficulties that beset the grape growers of Pennsylvania, Michigan, Ohio, New York, and Illinois, as well as Californians suffer. I ask the Members on the floor of the House to try to understand the situation and why we cannot accept the bill as it stands.

The SPEAKER. The time of the gentleman from California has expired.

[Mr. JOHNSON of Oklahoma addressed the House. His remarks appear in the Appendix of the RECORD.]

LEAVE TO FILE REPORT

Mr. LANHAM. Mr. Speaker, I ask unanimous consent that the Committee on Public Buildings and Grounds have until midnight tonight to file a report upon the bill H. R. 6128.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, I reserve the right to object. Is there a minority report on this?

Mr. LANHAM. No; there is no division.

Mr. MARTIN of Massachusetts. If anyone desires to file minority views, I suppose he may do so.

Mr. LANHAM. I think there is no one on the committee who would have any objection to the filing of this report.

Mr. MCGREGOR. Mr. Speaker, will the gentleman yield?

Mr. LANHAM. Yes.

Mr. MCGREGOR. Would the gentleman object to including the filing of minority views in his request?

Mr. LANHAM. No. Mr. Speaker, I include in my request the right to file minority views by those who desire to do so.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

EXTENSION OF REMARKS

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to extend my re-

marks in the RECORD and include an editorial from this morning's Washington Post entitled "Defense Scandal."

The SPEAKER. Is there objection?

There was no objection.

Mr. FULMER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by the insertion of a short poem.

The SPEAKER. Is there objection?

There was no objection.

PRICE CONTROL

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 5990, with Mr. COOPER in the chair.

The Clerk reported the title of the bill. The CHAIRMAN. A committee amendment is pending.

Mr. DEWEY. Mr. Chairman, I desire to offer a substitute amendment.

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that there be stricken from the pending amendment the following language:

Or to prevent price increases inconsistent with the purposes of this act. The proceeds of any sale under this subsection shall be used as a revolving fund for carrying out the provisions of this subsection.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

Mr. WOLCOTT. Mr. Chairman, reserving the right to object for a moment, I think I shall object—

Mr. STEAGALL. Mr. Chairman, will the gentleman yield to me?

Mr. WOLCOTT. I yield to the gentleman from Alabama.

Mr. STEAGALL. I wish to state that this is a committee amendment and the request is—

Mr. WOLCOTT. Which is the committee amendment?

Mr. STEAGALL. In the RECORD introduced on Wednesday, on page 9175 of Wednesday's RECORD.

The purpose of striking the language indicated is to remove from the provision authority for the use of funds as a revolving fund. The other language which I have asked to strike provides for the use of the powers conveyed by the provision for the general purpose of obtaining price increases. With these two provisions eliminated I think the amendment would represent substantially the agreed judgment of all members of the Banking and Currency Committee.

In that connection, Mr. Chairman, I wish to say it is my purpose to offer two additional amendments to this bill. One would create a board for the administration of the law, the board to be appointed by the President and confirmed by the Senate, with salaries of \$10,000 a year, with the direction that the board select

a chairman. The other provision directs the President to consider geographical locations and varying business interests of the Nation in selecting appointees, and to name not more than one member from any one Federal Reserve district.

Later we expect to offer an amendment removing some of the objections that have been quite clearly indicated by Members of the House to an amendment which the Committee on Banking and Currency adopted, creating powers for a licensing system in the administration of the act.

I make this statement, Mr. Chairman, in order that Members of the House may understand the deep and abiding conviction on the part of the Banking and Currency Committee that this legislation is of transcendent importance to the national economy and the future welfare of the Nation, and observing the trend of opinion in the House as expressed on the floor during the debate that has taken place prior to today, the Banking and Currency Committee members desire, I am sure, to respect the judgment and views of Members of the House, because we are simply servants of the House. The amendments suggested are for the purpose of meeting the views of the House, removing objections that have been indicated in the discussion here, so as to remove such objections as may endanger favorable action on the bill.

Mr. ROBERTSON of Virginia. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. ROBERTSON of Virginia. The gentleman from Alabama knows that no one in the House feels more deeply the necessity of a price-control bill than I. I have studied the subject for a long time. I feel that the country is going to be absolutely ruined if we do not take action, but the gentleman knows that I and numerous others represent splendid agricultural sections. The farmers of those sections are willing to support a price-control bill if it is to be effective, but they know that Mr. Henderson testified before your committee that no bill could be effective unless all the elements of cost were covered in some way. In bringing these perfecting amendments to the House and endeavoring to meet the problems of various groups, may I ask the distinguished chairman if his committee proposes to offer an amendment that will touch wages in any way, shape, or form?

Mr. STEAGALL. Let me say to the gentleman that the bill embodies a labor provision exempting wages. The matter was gone over very fully by the committee, and the proceedings, I am sure, are quite well known to my good friend from Virginia. Of course, that matter will be open for whatever action the House may see fit to take under the rules of the House. There is no difficulty in securing expression of the judgment of the House on that question.

Mr. ROBERTSON of Virginia. I will offer on behalf of the Farm Bureau Federation, which prepared it, a very mild amendment dealing with wages when we reach section 2 of the bill. I put the House on notice now that that amendment will be offered. It is about as mild an amendment dealing with wages as

anybody knew how to draw it if it is to be touched at all.

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. Mr. Chairman, I believe I have the floor.

The CHAIRMAN. The gentleman from Michigan is correct.

Mr. WOLCOTT. I wonder if the gentleman would care to comment upon the manner in which the licensing provisions of the committee amendment have been modified in the amendment which the gentleman expects to present?

Mr. STEAGALL. Mr. Chairman, I suggest to the gentleman that for the moment he permit me to refer him to the legislative counsel who is making the final draft of that provision in order that we may be sure of our accuracy in what we say about it.

Mr. WOLCOTT. May I ask the gentleman also to discuss for a moment the function of the board which he proposes to set up under the amendment which he will offer? Is it an advisory board or an administrative board to which aggrieved persons may go for redress or any alleged wrong?

Mr. STEAGALL. It would not be in any sense an advisory board. It is a legal, independent board, to be created by the Congress, the members appointed by the President and confirmed by the Senate.

Mr. WOLCOTT. What provision is there in the proposal which the gentleman has offered to allow aggrieved persons to appear before the board?

Mr. STEAGALL. There is no provision with reference to that.

Mr. WOLCOTT. I might say, then, that would be wholly unsatisfactory.

Mr. STEAGALL. What we contemplate by the amendment is the establishment of a board to take the place of the Administrator provided for in the pending bill. All the powers conferred under the pending bill upon an administrator and all the methods of the application of those powers and the enforcement of the orders issued in pursuance to an exercise of the powers would be conferred upon the board instead of the Administrator.

Mr. WOLCOTT. Then I may say to the gentleman at this point in respect to this procedure that I had hoped the gentleman from Alabama, the legislative counsel, the leadership, the President, and Mr. Henderson might get together and offer some constructive compromise. The gentleman should not expect after the debates which have transpired on this floor that any reasonable, intelligent Member of Congress is going to consent to the setting up of a dummy board controlled by a chairman who will operate as an administrator.

Mr. STEAGALL. Let me say in reply, if my friend desires me to express myself in this connection, that personally I do not see how there can be any efficacious administration of this law if there is to be a board of review to consume weeks or months of time reviewing orders. What is contemplated by the amendment I have indicated is that the President will select a board with due regard for geographical locations and the varied business and agricultural interests of the

Nation. This board will sit at all times as a body bringing into the council the varying views and the viewpoints entertained by the different members of that board, and that board will represent the various business interests of the entire Nation so that any interest involved in an order affecting prices would not be left to the routine difficult procedure of some appeal to a reviewing board, but their views would be expressed at the time the order is to be made by someone entirely familiar with the interests involved; so that at all times throughout the proceeding until an order is issued and enforced, the various business interests of the country will have a board with knowledge broad enough properly to express the views of those involved in the action about to be taken.

Mr. WOLCOTT. Then may I say under my reservation of objection—

The CHAIRMAN. The question, of course, is on the unanimous-consent request of the gentleman from Alabama affecting the pending amendment.

Mr. WOLCOTT. Yes; and I have reserved the right to object. May I suggest that, in view of the fact none of us as yet has seen the proposal of the gentleman on the establishment of a board or on the creation of an authority to issue or revoke licenses, that we confine our efforts for the present to the pending amendment to authorize the Administrator to buy and sell commodities?

I think there are certain parts of the amendment which the gentleman says he will offer which should be adopted; but at the present moment I believe that, for the purpose of allowing the issue to crystallize a little further, I should object to the gentleman's request. The gentleman from Illinois [Mr. DEWEY] has had an amendment pending at the desk since Wednesday which I understand he wants to offer at the present moment, and he is about to be recognized for that purpose. So for the time being, in order that we may have full debate and find out what this is all about, I will object to the gentleman's request.

Mr. STEAGALL. Mr. Chairman, I offer an amendment to the pending amendment.

The Clerk read as follows:

Committee amendment offered to the pending amendment: Strike out the comma following the word "producers" and the language as follows: "or prevent price increases inconsistent with the purposes of this act. The proceeds of any sale under this subsection shall be used as a revolving fund for carrying out the provisions of this subsection."

Mr. WOLCOTT. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WOLCOTT. Is it in order now to offer an amendment in the nature of a substitute for the committee amendment?

The CHAIRMAN. An amendment could be offered in the nature of a substitute, but the vote would come first on the amendment to the pending committee amendment.

Mr. WOLCOTT. But an amendment in the nature of a substitute could be

offered to the pending committee amendment. Is that right?

The CHAIRMAN. An amendment could be offered in the nature of a substitute for the pending committee amendment.

Mr. STEAGALL. Mr. Chairman, if I may be recognized briefly, I wish to suggest to the gentleman that I desire only to have this amendment pending to keep this matter clear. I hope the gentleman will not feel that I desire to shut off debate or discussion.

Mr. WOLCOTT. Mr. Chairman, as I understand it, then, the gentleman from Alabama has not offered this as an amendment, but merely offers it to have it pending?

Mr. STEAGALL. I offered it as an amendment. I am not asking for an immediate vote on it. I would like to have discussion of the whole matter. I will ask for a vote on it later.

Mr. DEWEY. Mr. Chairman, I offer a substitute amendment to the committee amendment now pending.

The Clerk read as follows:

Mr. DEWEY offers an amendment as a substitute for the committee amendment. Strike out of section 2, subsection (e), page 6, all of the paragraph commencing in line 16 and insert:

"(e) Whenever in the judgment of the Administrator it is necessary, in order to effectuate the purposes of this act, to obtain the production of marginal or high-cost producers, he may so notify the President, and the President may direct any existing agency or agencies of the United States to exercise, and any such agency or agencies shall exercise in accordance with such directions, any authority heretofore or hereafter conferred on them by law to buy, sell, store, or use any commodity produced in the United States by any such producers: *Provided*, That any materials which have been heretofore or may hereafter be defined as strategic and critical materials and supplies by the President pursuant to section 5d of the Reconstruction Finance Corporation Act, as amended, may be bought in order to carry out the purposes of this act only by corporations created or organized pursuant to said section 5d, upon such terms and conditions as they may determine, and only with the approval of the President and the Federal Loan Administrator: *Provided further*, That nothing in this section shall be deemed to modify, suspend, amend, or supersede any provision of the Tariff Act of 1930, as amended: *Provided further*, That nothing in this section, or any existing law, shall be construed to authorize any sale or other disposition of any agricultural commodity contrary to the provision of the Agricultural Adjustment Act of 1938, as amended."

Mr. DEWEY. Mr. Chairman, I ask unanimous consent to proceed for an additional 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois [Mr. DEWEY]?

There was no objection.

Mr. PATMAN. Will the gentleman yield for a question?

Mr. DEWEY. I yield to the gentleman from Texas.

Mr. PATMAN. Does the gentleman leave out of his amendment the provision that the chairman of the Committee on Banking and Currency suggested be left out of the pending amendment?

Mr. DEWEY. My amendment is substantially the same as the pending com-

mittee amendment, leaving out the revolving fund and the right to buy and sell to stabilize prices.

Mr. PATMAN. I do not think there is much difference between what the gentleman proposes and what the committee has suggested.

Mr. DEWEY. There are one or two little differences.

Mr. CELLER. Will the gentleman yield?

Mr. DEWEY. I yield to the gentleman from New York.

Mr. CELLER. Does the gentleman's amendment include imported articles?

Mr. DEWEY. It does cover that point.

Mr. Chairman, the purpose of both of these amendments and the amendment which was originally discussed in committee was to permit increased production of certain critical materials and supplies from high-cost producers. As I mentioned when speaking the other day, during the last war the Price Administrator adhered to what was known as the bulk-line method in setting ceilings; he set the prices of commodities at a height that the high-cost producers might make a profit and produce or might not lose money and produce. That, of course, put the prices high and gave great profits to the low-cost producers.

The more modern and scientific method is to place the price ceilings at a lower price, and the purpose of the new method of setting ceilings is that the prices may not be elevated for all of these commodities to accommodate the high-cost producers. They shall be accommodated by a subsidy from the Government representing a differential between the low-cost producer and the high-cost producer.

As has been mentioned a number of times, copper is a good example. The cost of producing copper under the hydraulic method is about 10 cents, but in the Michigan mines and other mines where it is hand produced, the cost of production is about 3½ to 4 cents greater.

The purpose of this amendment is to permit the Price Administrator or the Board to pay this differential in order to stimulate the production of copper, but it was thought that we have already established in the Federal Loan Administrator and the R. F. C. various corporations which have for a number of years been doing this very business and are equipped to do it. They know the mines, they know the methods of procedure; therefore this amendment permits the Administrator or the Board that may be set up upon notification to the President of the United States, who shall make the request of the existing agency or agencies, to buy these high-cost products at a higher price than is normal for the market.

The amendment and the committee amendment both permit that, but the amendment I have offered reserves the right for these purchasers to domestic material and does not permit the Administrator or Board to go abroad and probably bring in foreign products to break the markets of our own American products. It was not contemplated that he should do this in the committee hearings, and I think it would have a bad effect, as

do many of my associates and colleagues, on our economy.

There is another factor here that I think should be taken into consideration. Under the committee amendment the Price Administrator or Board may direct these purchases to be made. I do not think the Price Administrator or the Board should have the right to direct the Federal Loan Administrator to perform certain functions. The Price Administrator or Board should notify the President, and the President should notify those agencies over which he has general jurisdiction. One other item that is not in my amendment, yet it is in the committee amendment, which I do not think is necessary.

Mr. STEAGALL. Will the gentleman yield?

Mr. DEWEY. I yield to the gentleman from Alabama.

Mr. STEAGALL. The effect of the gentleman's amendment is to remove from the bill the particular language indicated in the amendment I submitted to the committee amendment?

Mr. DEWEY. That is correct.

Mr. STEAGALL. But it would place the powers conferred by the provision in the hands of the President instead of the Administrator?

Mr. DEWEY. Upon notification to the President.

Mr. STEAGALL. May I say to the gentleman the two provisions are so similar and so substantially the same, there would be no objection to the adoption of the gentleman's substitute to the pending amendment.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. DEWEY. I yield to the gentleman from Massachusetts.

Mr. GIFFORD. Since the gentleman has 10 minutes, may I make this suggestion, and I am wondering why the committee has not made this suggestion before. I believe before this bill is finally enacted and sent to the President the pooling of copper and such commodities will be suggested. This would probably save all subsidies and cost to the Government. Let high-cost and low-cost producers pool their copper, find a price for everybody to pay, and then pay each his proper profit. Then there would be no subsidy by the Government. Has the gentleman considered this suggestion?

Mr. DEWEY. My own opinion about that is that the Federal Loan Agency, which, among others, includes the Metals Reserve Company, Rubber Reserve Company, and the Defense Supply Corporation, have had such great experience and knowledge that it would be best to leave such matters in their hands for administration.

Mr. GIFFORD. Does the gentleman believe they would have authority to order all the copper producers to pool their interests?

Mr. DEWEY. I am not informed on that.

Mr. GIFFORD. I believe this is a new thought that has not been considered by the committee. I ask the House to consider it and see if it would not save all subsidies to pool supplies and pay everyone his proper profit, everyone pay-

ing the same price for the articles. I hope the gentleman will give this suggestion his attention.

Mr. STEFAN. Mr. Chairman, will the gentleman yield?

Mr. DEWEY. I yield to the gentleman from Nebraska.

Mr. STEFAN. As I understand the gentleman's amendment, it is identical with the committee amendment in that it prohibits the purchase of imported commodities and confines purchases to domestic commodities.

Mr. DEWEY. My amendment deals with domestic commodities, and the chairman has agreed that my amendment deals only with domestic production.

Mr. STEFAN. Is there anything in the gentleman's amendment with regard to a bipartisan board?

Mr. DEWEY. This has nothing to do with a bipartisan board. This is only one section, pertaining to the purchase of high-cost products.

Mr. STEFAN. It also relates to making reports directly to the President after the request.

Mr. DEWEY. After the request?

Mr. VOORHIS of California. Mr. Chairman, will the gentleman yield?

Mr. DEWEY. I yield to the gentleman from California.

Mr. VOORHIS of California. The gentleman's amendment would not have the effect, would it, of preventing the purchase abroad of critical materials where there may be an actual shortage of certain things?

Mr. DEWEY. Those powers are already held by the Defense Supply Corporation, which is a part of the Federal Loan Agency, and under the purposes for which that Corporation was set up they may do about anything. They may produce, acquire, carry, or sell, or otherwise deal in strategic and critical materials and supplies. Also, they may take such further action as the President and the Federal Loan Administrator deem necessary to expedite the national-defense program.

Mr. VOORHIS of California. Yes; but does the gentleman's amendment affect that power?

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent to withdraw the amendment to the pending committee amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from Illinois [Mr. DEWEY].

Mr. MCINTYRE. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. MCINTYRE. Mr. Chairman, if the substitute is agreed to, does that mean that the amendment itself is adopted, or is there then a separate vote on whether or not the amendment as amended shall be adopted?

The CHAIRMAN. If the substitute amendment is agreed to, then the question will recur on the committee amendment as amended by the substitute.

The question is on the substitute amendment offered by the gentleman from Illinois.

The substitute amendment was agreed to.

The CHAIRMAN. The question now is on the committee amendment as amended by the substitute.

Mr. MCINTYRE. Mr. Chairman, I offer an amendment to the amendment.

The CHAIRMAN. To which amendment?

Mr. MCINTYRE. To the amendment as amended.

The CHAIRMAN. The Chair does not think the gentleman's amendment is in order at this time. The question now is on the committee amendment as amended.

Mr. MCINTYRE. Mr. Chairman, as I understand, if the amendment is adopted, it cannot then be amended.

The CHAIRMAN. The gentleman understands he cannot offer an amendment to a substitute when the substitute has been adopted.

Mr. MCINTYRE. I understand that the substitute has been adopted.

Mr. CARLSON. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. CARLSON. Mr. Chairman, I have at the Clerk's desk an amendment to the amendment as originally offered by the committee. Is that amendment now in order?

Mr. WOLCOTT. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. WOLCOTT. As I understand the situation, Mr. Chairman, the substitute for the committee amendment has been adopted. The only amendment which would have been in order was an amendment to the substitute. Inasmuch as the substitute has been adopted, it is now too late to offer an amendment to the committee amendment.

The CHAIRMAN. That is correct. The question is on the committee amendment as amended.

The committee amendment as amended was agreed to.

Mr. DIES. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I do not want to delay the House in its consideration of this bill, but I do want sufficient time to discuss this matter. Therefore I ask unanimous consent to proceed for 10 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. DIES. Mr. Chairman, all of us agree that inflation is a great evil and must be prevented. It is, however, obvious to any student of the question that the principal causes of inflation are huge deficit spending, unbalanced budgets, debasement of the currency, and widespread strikes. The proponents of the present bill concede this to be true. Unless we deal effectively with these historic and fundamental causes of inflation, the only purpose that can be served by a price-fixing bill is to enable bureaucrats

to regiment our economy. No price-fixing bill will be of any substantial help in preventing inflation until we drastically reduce nondefense expenditures, increase the revenues of the Government, eliminate the scandalous waste in defense and nondefense expenditures, and put the defense program upon an efficient and nonpolitical basis.

We need not speculate on this question. We have the experiences of all other countries to demonstrate the truth of my statement. For instance, from 1519 to 1602 the price level in Spain increased 500 percent. With the rising cost of living the rich grew richer and the poor more sullen and rebellious. In an effort to suppress the growing revolts the Government devised a schedule of fixed prices on everything, and the weaver, the fuller, the armorer, the potter, the shoemaker, were told exactly how to do their own work. All this did not bear its full fruit during the reign of the Catholic sovereigns, but by the end of the sixteenth century it had reduced Spain to a state of Byzantine regulation in which every kind of work had to be done under the eye and subject to the interference of a vast swarm of government officials, all ill paid and often not paid, all therefore necessitous and corrupt. The great resource of the treasury was the excise taxes of 5 or 10 percent on an article every time it was sold—on the ox when sold to the butcher, on the hide when sold to the tanner, on the dressed hide sold to the shoemaker, and on his shoes. This plan of taxation—advocated these days by Dr. Townsend—soon made Spain and Portugal the two most beggarly nations in Europe.

In the last days of the Roman Empire the Emperor decreed a schedule of prices on all goods and commodities and services. He put to death anyone who violated his price-fixing law, but he failed to correct the loose fiscal policies and his price-fixing law was a complete failure.

During the inflationary periods in France, between the years of 1786 and 1789, attempts were made to fix the price of grain and other foodstuffs, but it required armed bands to induce the owners to give them up. Mills, granaries, houses, and barns were looted, shops broken into. The severest penalties were inflicted upon those who disobeyed price-fixing regulations as to goods or labor. Ten years in irons for millers and farmers; death for all those who refused to labor, or resisted confiscation of their goods. The price-fixing law of France was a complete failure because the Government continued piling up huge deficits.

I could cite many more instances in history if I had the time, but I think all of us will agree that price fixing is of no value as a preventive of inflation unless it is accompanied by sound fiscal policies.

For years we have followed an inflationary policy. We have spent vast sums of money on almost everything. What assurance do we have that the necessary fiscal and monetary policies will be followed in the future to prevent inflation? I am convinced that there is great waste and inefficiency in the defense program; that this Government is needlessly spending a vast amount of money. I

am further convinced that lobbyists and profiteers are thriving at the expense of the taxpayers. Men like Tommy Corcoran and Charles West. I am further convinced that defense money has been deliberately and knowingly used for political purposes. I demand, therefore, that these abuses be corrected or that we have definite assurances that they will be corrected before any price-fixing bill is enacted. Furthermore, I demand that before any price-fixing bill is passed we have definite assurance that those to be charged with the administration of the act shall be loyal, patriotic Americans who believe in our system of free enterprise and who will seek to preserve it.

We have declared that Germany is our enemy. Germany represents a planned or regimented economy. American democracy is based upon free enterprise. I will never vote to place the destiny of free enterprise in America in the hands of men and women who have declared repeatedly that they do not believe in free enterprise and that they want to destroy it. I shall vote to recommit, and by that vote I shall send a message to the executive department that insofar as I am concerned my vote represents a protest against the coddling of totalitarians in the United States. There is no other recourse left to me. I have pleaded with the executive department for action. My pleas have been spurned and ignored. I shall no longer plead. As the Representative of an American constituency I shall exert what little influence I have as a Member of Congress to compel the executive department to do what should have been done months and years ago. Clean house, and restore the confidence of Congress in the ability, the loyalty, and soundness of the men who are selected to administer the laws of our land.

Mr. Chairman, once more I wish to call the attention of the House to the manner in which certain Government bureaucrats in Washington deal with evidence of the gravest moment which has been brought to their attention by the work of this House.

I have heretofore given you, briefly, the evidence collected by our committee with reference to four of the key figures in the Price Administration. You have had the opportunity to read that evidence for yourselves and to determine whether or not there can be any question with reference to these people. I now give you another typical example, because I think you should know the attitude of the executive department of this Government and I therefore speak frankly, for I am convinced that only by a determined and aroused Congress can we ever correct this situation.

On November 18 I wrote a letter to the Honorable James Lawrence Fly, Chairman of the Federal Communications Commission, and apprised him of certain facts and evidence in the possession of the Special Committee on Un-American Activities. In my communication to Chairman Fly, I made it abundantly clear that our committee had documentary evidence to establish two facts: First, that Goodwin Watson, chief broadcast analyst of the Federal Com-

munications Commission, had publicly associated himself with a large number of front organizations of the Communist Party; and second, that Goodwin Watson had for years been a propagandist for communism and the Soviet Union. I now hold in my hand copies of documents which establish beyond any possibility of dispute the truth of the charges which I made to Chairman Fly concerning his subordinate, Goodwin Watson.

In order that Mr. Fly might have every opportunity to judge for himself the nature and value of the evidence in our possession, I wrote to him as follows:

If you desire to have one of your representatives study the evidence in our committee's files which bears upon the matter of Watson's connections with Communist front organizations, I shall be happy to offer you every facility for that purpose.

Chairman Fly absolutely ignored my offer to show him the evidence. Instead of availing himself of the opportunity to inspect the evidence in our possession, Chairman Fly replied to my letter on the very next day, stating that he had taken pains to make a full inquiry into the subject and that as a result of his inquiry he had found my charges against Watson to be baseless. Instead of looking at our evidence, Chairman Fly wrote to me that Goodwin Watson is a man "of tenth generation American ancestry." It is my understanding that Earl Browder also describes his American ancestry in some such quantitative terms. I am not concerned about the ancestry of Goodwin Watson or Earl Browder. I have never brought any charges against either one of them on the grounds of his forebears. I charged categorically that Goodwin Watson had been publicly associated with a large number of Communist-front organizations. I repeat that charge at this time. I hold in my hand unimpeachable documents to establish the charge, and I intend to have a show-down with the Chairman of the Federal Communications Commission, the Honorable James Lawrence Fly, as to the truth or untruth of this charge. I further charged, and I now repeat it, that Goodwin Watson has for years been a propagandist for communism and the Soviet Union. I have Watson's undisputed writings to prove that charge, and I intend to have a show-down with the Chairman of the Federal Communications Commission, the Honorable James Lawrence Fly, as to the truth or untruth of this charge.

Instead of giving one moment's consideration to the evidence in our possession, Chairman Fly replied to me that Goodwin Watson holds the degree of doctor of philosophy from Columbia University. One of the most prolific writers of Communist literature in the United States, a man who was a publicly avowed member of the Communist Party, also held the degree of doctor of philosophy from Columbia University. His name was M. J. Olgin. I have not held it against Goodwin Watson or M. J. Olgin that they did or did not have degrees of the highest academic rating from Columbia University.

I do not have sufficient time at my disposal today to give anything more than a few excerpts from the writings of Good-

win Watson, but I offer a few which are typical of what Watson has put into print under his own name during the past years.

Speaking on the mistake of the Austrian Socialist Party in supporting measures of gradual socialization, Goodwin Watson wrote:

Again a people learned in tragedy that there is no safe compromise with capitalism.

According to Dr. Watson, the Austrian Socialists "took the deceptively attractive highway of gradualism." Lest anyone misunderstand him, Dr. Watson did his utmost to make it clear that he supported a sharp and sudden break with capitalism, which is usually described by the word "revolution," and that he rejected the customary Socialist procedure to attain Socialist ends by gradual measures. In other words, Dr. Watson not only made it perfectly clear that he advocated the destruction of capitalism, but that he also advocated the Communist rather than the Socialist method of destruction. At the conclusion of his article from which I have quoted, Dr. Watson wrote:

Only Soviet Russia has gone up to the left, in an ox cart that was nearly wrecked before the trip started, but they report now that the road is growing better. Our machines are more powerful but more delicate than ox carts. Can't we stand the rough beginning if we prepare the road, the cars, the drivers, and the passengers?

In another article in which he dealt with the question of gradualism or revolution, Goodwin Watson wrote:

The Austrian Socialists actually did the things F. D. R. makes speeches about. They provided real social security, built cooperative houses, set up health insurance and enriched life generally for the forgotten man. The Socialists were sure that they had chosen the peaceful, gradual, practical way. They wanted to avoid bloodshed, even at the last, when they were disarmed by ruthless reactionaries and shot down in the 5-day battle in Vienna streets.

Dr. Watson proceeded at once in this article to show how the gradualism of the Austrian Socialists had failed. He said:

Only emptiness ahead. Is that what my children will experience in America, after the failure of gradualism and the apparently inevitable rise of American fascism?

Could anything be clearer than Dr. Watson's own words that he rejected a program of gradual socialization for America and put himself on the side of revolution? Indeed, I quote his exact words:

We must choose the swift, total transformation.

I offer only one more excerpt from the writings of this tenth generation American who is a doctor of philosophy from Columbia University. But first I call your attention to the fact that he is a high official in a Government agency which administers laws affecting radio. In a speech before the National Education Association, Dr. Watson called for public ownership of great newspapers and radios, and in that same speech he declared:

Our Government, and that of France and England, may pretend to be democracies, but they are in truth plutocracies. In the pres-

ent economic crisis, foreign policies of all capitalist nations will necessarily be far more concerned to keep plutocrats in power than to build world democracy.

Lest there be any misunderstanding in any quarter, I wish to say that when it comes to the question of permitting Communists to hold high Government positions in this Capital City of the Nation, I have just begun to fight.

Mr. Chairman, some months ago I wired the President of the United States that I would be glad to confer with him about "fifth columnists," both of the Nazi and Communist varieties, in the United States. The President of the United States contacted me at my home in the city of Orange and asked me to come to Washington for the purpose of conferring with him. With my family, I left, and after a long and tedious trip I arrived in Washington, having an engagement with the Chief Executive at 12 o'clock. As I walked into the anteroom I found a man there who has one of the longest records of activity in Communist-front organizations of any man in this country; the man who admitted he had put up the money to buy the letters that attempted to link me with William Dudley Pelley. I sat there for 45 minutes while that man, contrary to the engagement that the President had phoned me at my home in Orange, promising an interview at 12 o'clock—I sat there 45 minutes cooling my heels, waiting so that this man, with a long record—and I here and now place his full record in the CONGRESSIONAL RECORD for the benefit of the House.

The matter referred to follows:

GARDNER JACKSON, PRINCIPAL ECONOMIST,
DEPARTMENT OF AGRICULTURE, \$5,600

Chairman, speaker at dinner, Committee for Pan American Democracy. (Clipping, possibly New York Times, February 21, 1940.)

Sponsor, Conference on Constitutional Liberties in America. (Program leaflet, Call to a Conference on Constitutional Liberties in America, June 7, 1940, p. 4.)

Sponsor, Conference on Pan American Democracy. (Letterhead, November 16, 1938.)

Signer of call, Congress of Youth. (Proceedings, July 1-5, 1939, p. 2.)

Sponsor, Consumers' Union. (Undated circular.)

Chairman, Council for Pan American Democracy. (Letterhead, dated July 11, 1940.)

Legislative representative, Council of United States Veterans, Inc. (Letterhead, December 30, 1938.)

Member, executive board, Council of United States Veterans, Inc. (Letterhead, December 30, 1938.)

Vice president, Film Audiences for Democracy. (Film Survey, June 1939, p. 4.)

Vice president, Films for Democracy. (Films for Democracy, April 1939, p. 2.)

Member, advisory board, Frontier Films. (Undated letterhead.)

Member, Labor's Non-Partisan League. (Equal Justice, April 1938, p. 4.)

Representative at Workers Alliance conference, Labor's Non-Partisan League (Daily Worker, March 21, 1938, p. 4.)

Entertained at national convention in New York City, League of Women Shoppers, Inc. (News letter, Washington League of Women Shoppers, May 1940, p. 2.)

Signer, letter protesting ban on Communists in American Civil Liberties Union. (Daily Worker, March 19, 1940, p. 4.)

Sponsor, National Council to Aid Agricultural Labor. (Help America First, p. 4.)

Signer of open letter on Dies committee, National Emergency Conference for Democratic Rights. (Daily Worker, May 13, 1940, pp. 1, 5.)

Member, National Peoples Committee Against Hearst. (Letterhead, March 16, 1937.)

Member, Nonpartisan Committee for the Reelection of Congressman VITO MARCANTONIO. (Letterhead, Oct. 3, 1936.)

Endorses the pamphlet, Pamphlet on Mooney Case, by MARCANTONIO. (Equal Justice, April 1938, p. 4.)

Sponsor, Washington Committee for Democratic Action. (Letterhead, April 26, 1940.)

Speaker, Workers Alliance conference. (Daily Worker, March 21, pp. 1, 4.)

Mr. Chairman, after I had sat there for 45 minutes I was finally, after Mr. Gardner Jackson left the President's private office, invited into his office to hold the conference to which I had been invited by the Chief Executive of the United States; and there, sitting across the table, was a court reporter to take down the conversation between the President of my country and myself, after I had worked for more than 3 years—hard, difficult, and discouraging work—in the interest of the American Government.

Mr. Chairman, the evidence was then before the country as to what Gardner Jackson had attempted to do to me, and notwithstanding that fact, and notwithstanding his record, Mr. Gardner Jackson is now the principal economist in the Department of Agriculture, drawing a salary of \$5,600 a year.

I sent to the executive department the names of 3,200 Nazi believers and sympathizers, men who had associated themselves with the Nazi movement in America and working in defense industries. I have never heard of the slightest action having been taken on that. I therefore raise the question that should be asked by all thoughtful men, How can this country prepare to defeat the enemies abroad unless we are prepared to defeat the enemies within our own country?

Further than that, Mr. Chairman, if we are going to delegate those vast powers of life and death control of our system of free enterprise to a group of men who have said to the country that they do not believe in our system, then I say there is no other course for this Congress to pursue except to send this bill back to the committee, and by that action we will announce to America that Congress is not a mere rubber stamp, that Congress has not surrendered its legislative prerogatives and its dignity. We represent independent constituencies, and with the help of God we must sustain our power if American democracy is to survive.

At this point I insert the letter from Watson and others with reference to Earl Browder's case:

NEW YORK CITY, October 18, 1941.

DEAR FRIEND: We, who have signed this letter are writing to you because you have been interested for a long time in preserving civil rights in our country. We know that you are opposed to the persecution of any individual because of his political philosophy.

You are no doubt familiar with the facts concerning Mr. Earl Browder's imprisonment. He has already served 7 months of a 4-year sentence and has paid a \$2,000 fine imposed upon him because of a technical violation of a passport statute. The records of other cases of similar violations show that ordinarily

sentences are suspended, or in the majority of cases, do not exceed 30 to 90 days.

The former Attorney General of the United States has stated that there was no question of moral turpitude involved on Mr. Browder's part. This factor, combined with the severity of Mr. Browder's sentence, has caused us and many other persons to agree with Mr. Wendell Willkie's declaration that "if you truly believe in the protection of civil liberties, you will wonder whether Mr. Browder was sentenced to 4 years in jail and a \$2,000 fine because he made a false statement on a passport application, or because he was a Communist Party member."

We firmly believe that in the present world emergency, when national unity is essential, our President will act favorably toward Mr. Browder's case. We believe that the release of Earl Browder will strengthen the conviction of the American people that democracy and justice in America are living realities.

Because we know that you share our belief, we ask you to join us in a conference to discuss Mr. Browder's freedom. The conference will be held on Saturday, November 1, at 2 o'clock at the Riverside Plaza Hotel, 253 West Seventy-third Street, New York City. We will adjourn promptly at 4 o'clock. We will be happy to learn that you will attend.

Cordially yours,

Prof. Dorothy Brewster, Elizabeth Gurley Flynn, Osmond K. Fraenkel, Ben Gold, Aline Davis Hays, Conrad Kaye, Rockwell Kent, Representative Vito Marcantonio, Lewis Merrill, Darwin J. Meserole, Arthur Upham Pope, Harry Reich, Rev. William B. Spofford, Dr. Goodwin Watson, Richard Wright, Dr. Max Yergan, Art Young.

Mr. BUCK. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan, a member of the committee.

Mr. CRAWFORD. Mr. Chairman, I have two amendments at the desk to page 4. I submit a parliamentary inquiry as to whether it would be in order to offer those amendments at the present time.

The CHAIRMAN. Page 4 embraces section 2 of the pending bill. Section 2 is now open for amendment. The gentleman's two amendments appear to be to section 2.

Mr. CRAWFORD. Yes.

The CHAIRMAN. The amendments are in order. Does the gentleman desire to ask unanimous consent that both amendments be considered at one time?

Mr. CRAWFORD. No.

The CHAIRMAN. The gentleman is recognized to offer an amendment which the Clerk will report.

Mr. BUCK. Mr. Chairman, will the gentleman yield to me for a parliamentary inquiry?

Mr. CRAWFORD. Yes.

Mr. BUCK. Mr. Chairman, how far has the Clerk read in the bill at the present time?

The CHAIRMAN. He has completed the reading of section 2.

Mr. BUCK. Then he has not reached section 3, agricultural commodities?

The CHAIRMAN. The Clerk has completed the reading of section 2.

Mr. BUCK. Mr. Chairman, in addition to that may I ask this? On Wednesday I submitted an amendment to section 3 which will come at page 8. Is that amendment on the Clerk's desk?

The CHAIRMAN. The Chair is advised that the Clerk has an amendment offered by the gentleman from California, which is now on the Clerk's desk. The gentleman from Michigan offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. CRAWFORD: Page 4, line 6, after the word "ceiling", strike out the words "on or about October 1, 1941" and insert "between the dates of October 1 and October 15, 1941."

Mr. CRAWFORD. Mr. Chairman, my purpose in offering the amendment in this way is to more clearly state the period, or the hitching post to which the Administrator must adhere in taking into consideration certain price conditions. It is my feeling that these dates are not so material, and this is because adjustments are to be made upward or downward. But it is important to units of industry that the Administrator adhere closely to some specific date in order to arrive at the ceiling which he originally announces. Unless we nail it down specifically, it seems to me that the language in the bill is so broad, the words "on or about October 1, 1941," that the Administrator could interpret them at anywhere from 30 to 60 days. We have had some specific cases where firms have been greatly injured by reason of as much as a 30-day split—that is, where one firm of an industry might have a ceiling set on the conditions prevailing as of July 15, while another firm would have its ceiling set on conditions existing, say, on August 15. This amendment is to bring the Administrator into more narrow limits, with more specific language, so that injuries may not follow to specific units of industry.

Mr. STEAGALL. Mr. Chairman, let me say to the gentleman that I do not see that there is any substantial difference between the amendment the gentleman proposes and the language in the bill, "on or about October 1, 1941." That date may not be the sole standard. Conditions would be considered along with other matters in determining the matter, which would enter into the consideration. So far as I am concerned, I can see no objection to the gentleman's amendment.

Mr. CRAWFORD. I appreciate the gentleman's statement and the acceptance of the amendment I have offered.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Michigan.

The amendment was agreed to.

Mr. CRAWFORD. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. CRAWFORD: Page 4, line 7, after the word "may", insert "without undue burden on the economy."

Mr. CRAWFORD. Mr. Chairman, my reason for offering this amendment I will support with a specific case. A short time ago, I have been informed, the Price Administrator, in operating under his present powers, set a ceiling on the products of a certain firm. Immediately following that the firm was requested to file certain accounting information: For instance, a 5-year balance sheet; 5-year comparative operating statement; a

statement showing the margin of profit which the company had marked up between costs and selling prices over a long period of time.

Of course, the company did not have an accounting staff qualified to proceed with such work. For weeks and weeks the company was unable to make any shipments. It became necessary for the company to go into the professional market, obtain the services of high cost accountants, and to have an elaborate financial report submitted for the benefit of the Price Administrator.

It seems to me the purpose of this whole procedure should be made much more acceptable to the country and no such undue burdens as I have described forced upon the economy and various units of industry of the United States. If the Committee feels that the language in the bill at the present time is such as to protect industry against such unusual, extraordinary, and burdensome requests as I have outlined, then I would not ask for the adoption of my amendment. But, personally, I do not agree that the bill in its present form will protect units of industry against such undue burdens.

I am sure that the practice of the Price Administrator up to date has gone in that direction, and I feel that in the absence of restraining language similar to that I have here offered the Administrator will continue to impose undue and costly and burdensome restrictions on the industries of this country, and in many cases make it practically impossible for units of industry to perform by reason of the financial burden placed upon them.

I ask for the adoption of the amendment.

Mr. MICHENER. Mr. Chairman, I rise in support of the amendment.

Mr. STEAGALL. Mr. Chairman, if the gentleman will yield, I do not think there is any objection to the amendment. I do not regard it as necessary, but I do not think there is any objection to it.

Mr. MICHENER. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. MICHENER. Mr. Chairman, I favor the amendment just offered by the gentleman from Michigan and shall make some general observations concerning the bill during the time allotted me.

The purpose of this bill, as indicated in its title, is "to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies." I take it that no one is opposed to these objectives. The difficulty arises when we attempt to agree on the best method of accomplishment. The debate has developed that some of us feel that there is already sufficient power lodged in Government agencies, if exercised, to control inflation without further action on the part of the Congress. There are those who feel that prices can be controlled by repealing certain inflationary laws now in existence. Then, there are those who feel that additional price-control legisla-

tion is essential if ruinous, disastrous inflation is not to bring woe and grief to a vast majority of our people.

We are all agreed that inflation has already set in to a certain extent, that some prices are already too high, and that unless something is done very soon much economic dislocation and suffering are in store for the country. I take it that a majority favors some kind of price-control legislation. The question before us then is: How should we proceed?

The gentleman from Missouri [Mr. WILLIAMS], a member of the Committee on Banking and Currency, and one of the principal advocates of this measure, in speaking in favor of the bill said, "It is economic dictatorship. You cannot have price control without dictatorship." Generally speaking, this assertion cannot be successfully refuted. This bill, therefore, will create a limited economic dictatorship while the law is in operation. Be it remembered, however, that this is an emergency measure and, by its own terms, it expires not later than June 30, 1943, or upon the date of a proclamation by the President that the further continuance of the authority granted by this act is not necessary in the interest of national defense.

Admittedly, this bill contemplates a regulation and a regimentation of the business and economic life of the Nation. It legally destroys for the time being the competitive system and the system of free enterprise and free commerce.

No one dislikes surrendering these economic rights and liberties, even momentarily, more than I do. Yet, it must be realized that in time of war our Government in no way functions as a peacetime democracy. In every war in which our country has participated, the ordinary and accepted rights, liberties, and freedoms of the people have been subrogated to the necessities of national defense and national preservation. During the first World War, President Wilson was given complete dictatorial powers over the economic and political life of the country. He exercised such powers as were necessary in the winning of that war. At the termination of the emergency, he yielded and returned to the people the emergency powers with which he had been entrusted. Again democracy functioned.

Shortly after the first World War, our people, led by the American Legion, embarked upon an endeavor to write a formula to be followed in case we should again be involved in war. This endeavor reached fruition in the McSwain bill, to which years of consideration were given. The bill came to a vote in the House on April 9, 1935, and, as shown by the CONGRESSIONAL RECORD of that date, passed the House on a roll call vote of 368 yeas and 15 nays. All Members of the House today, who were Members in 1935, voted for that bill, with the exception of the gentleman from New York [Mr. GAVAGAN], the gentleman from New York [Mr. MARTIN J. KENNEDY], the gentleman from New York [Mr. TABER], the gentleman from New York [Mr. WADSWORTH], and the gentleman from Massachusetts [Mr. TINKHAM].

I call attention to these facts to impress upon you what the feeling of the House was when we were not at war when the Congress was planning thoughtfully and without hysteria. The bill which so overwhelmingly passed the House was more inclusive and more drastic than is the bill we are considering today. It gave to the President and his appointees more power than is carried in this bill.

The McSwain bill is found on page 5249 of the CONGRESSIONAL RECORD of April 8, 1936, and is, in part, as follows:

That whenever Congress shall declare war, then, from and after a date prior to such declaration, which date the President is hereby authorized and directed to determine and publicly proclaim, it shall be unlawful for any person, firm, partnership, or corporation to willfully buy, sell, or otherwise contract for any article or thing at a higher rate, rent, price, commission, compensation, or reward than was in effect at the date so determined.

SEC. 2. During the period of any war, whenever in the sole discretion of the President he shall determine that any maximum price, rent, rate, commission, compensation, or reward shall be adjusted either upward or downward he is hereby authorized to make and publicly proclaim such adjustment, and such adjustment shall have the full force and effect under this statute of such price, rent, rate, commission, compensation, or reward before such adjustment.

(b) Furthermore, the President is authorized to close all stock and commodity exchanges in the United States of America if in his sole discretion it becomes desirable in order to curb speculation.

SEC. 4. During the period of any war declared by Congress the President is authorized to determine, and by public proclamation announce, what classes of public service, or of dealers or of manufacturers of any article or commodity, shall be required to operate under licenses, to fix the conditions of such licenses, and to grant licenses under such conditions. After such determination and proclamation by the President, it shall be unlawful for any public service, dealer, or manufacturer in such determined classes willfully to engage in business without such license. This section shall not apply to the publication or distribution of newspapers, periodicals, or books.

SEC. 5. During the period of any war declared by Congress the President is authorized to determine and publicly proclaim the order of priority in which any manufacturer, dealer, or public service in the United States shall fill orders, or transport anything, or furnish power, and after such determination and proclamation, it shall be unlawful for any such manufacturer, dealer, or public service willfully to fill such orders in any other order of priority.

SEC. 6. That during the period of any war declared by Congress the President is empowered to set up such agencies, boards, or commissions, or to designate such persons, to exercise such portion of his powers as he may deem necessary and proper to accomplish the purpose of this act. Likewise, at such time he shall have power to make such rearrangements of departments, and of bureaus and divisions thereof, and to transfer such duties and powers as he may deem necessary for the proper conduct of war.

SEC. 7. That any person, firm, or corporation willfully violating any of the provisions of this act, or willfully violating any publicly proclaimed orders, rules, or regulations made by the President for executing the powers contained in this act, is hereby declared to be guilty of a misdemeanor and shall be liable to indictment and trial therefor, and upon conviction thereof shall be sentenced to pay a fine, not exceeding \$100,000 or to

serve in prison, not exceeding 1 year, or both, at the discretion of the court.

SEC. 8. That upon the declaration of war, there shall be imposed a tax of 100 percent of all excess war profits that may be earned during said period of war as defined in this act.

Mr. Chairman, that bill was to be effective "whenever Congress shall declare war."

It is true that the Congress has not officially declared war in the constitutional way against Germany or any of the Axis Powers. It is true however, that beginning with the Lend-Lease Act, the Congress has enacted legislation the effect, if not the purpose, of which is to permit the President to carry on undeclared war against the Axis Powers. The lend-lease law has been implemented by the Congress, and no one will deny that, at the least, the United States is indulging in a naval shooting war with Germany. Our peacetime economy has vanished. A wartime economy prevails throughout the land. Free enterprise and free economy no longer function. The Executive orders of the President, the rules and regulations, edicts, and decrees of the Office of Production Management and the Price Administrator, expressed in priorities, licenses, and what not, supplant the free and competitive commerce and business competition which is the American way of life.

At most the enactment of this price-control bill will be but legalizing and possibly amplifying that which is already being done under Executive order in the name of national defense.

If price control is necessary to prevent ruinous inflation, then there should be no delay on the part of Congress. This does not mean that one bit of authority should be granted to the Executive or any agency of the Government that is not absolutely essential now.

When the McSwain bill was before the House on April 9, 1935, I said in part:

Mr. Speaker, this country wants no more war. Under no circumstances should we ever engage in a war of aggression. * * * The best way to avoid war is to be prepared, and I am satisfied that a majority of the American people are thoroughly convinced that we should at all times be prepared to meet any kind of aggression.

The purpose of this resolution is to equalize the burdens of war. If we must have war, then it should be a people's war; and, regardless of our occupation, our station, or our position in life, we owe our respective obligations to the defense of our country. It is not possible that we all engage in the same activity, but it is possible and necessary that we all engage in some activity to carry on the common cause.

If we must have war, then I believe in drafting not only the young men of the country but industry, agriculture, labor, capital, transportation, and communication. It is unfair to take the young men of the country and place them in the trenches at \$30 a month and permit labor in the factory back home to draw \$15 to \$20 a day. It is unfair to these men who are doing the fighting to permit industry to profit by the suffering of those in the front lines. Legislation bringing about the objectives of this bill would have been enacted long ago, were it not for the fact that labor wants to be exempted from any governmental regulation in time

of war; and, by the same token, capital and industry insist on the right to make such profits as are possible in time of national emergency. Both labor and capital are wrong. The masses of the people know of no reason why either of these groups should be exempted from their proportionate share of responsibility when it is necessary for the country to bear arms.

There can be no war without a declaration by the Congress.

Mr. Chairman, of the 368 Members of the House who voted for the McSwain bill, all were agreed as to the necessity of price-control legislation in case of war. Were we wrong then?

It is true that the present administration has declared more emergencies and asked for more power than any administration in the history of the Republic. It is true that many of our people are fearful that at the end of the war there will be a disposition on the part of the administration to retain these powers. It is true that many things have happened to justify such fear.

Much has been said in this debate about Leon Henderson, the President's price-control Administrator. It is also true that many of our people believe that Mr. Henderson as price-control Administrator would, at the end of the war, be very reluctant to yield up any powers given to him as the Administrator by this legislation. The fact that he is so impregnated with the New Deal philosophy of making the country over and changing our social system, leads many to believe that he is more interested in permanent control and regulation over our economic life than he is in an emergency anti-inflationary measure. If it were known that the President would appoint an Administrator of this price-control bill in whom all the people of the country have confidence, that fact alone would do much to remove opposition to this measure.

Mr. Chairman, I join with those who advocate the repeal of the causes for inflation now found in the statutes. The authority which gives the President the power to further devalue the dollar and the law which gives the President the authority to issue \$3,000,000,000 in greenbacks should be repealed. It seems to me this action is fundamental. However, even if these laws were repealed at once, the spiral of rising prices would not be halted. More drastic action is demanded now.

Mr. Chairman, I cannot support this bill in its present form. I cannot support it if the so-called licensing clause is included. In fact, there are three proposals in connection with this legislation to which I am definitely opposed:

First. The licensing clause.

Second. The market-manipulation provision.

Third. The one-man control policy.

The chairman of the committee, the gentleman from Georgia [Mr. STEAGALL], will offer an amendment placing in the bill the licensing clause; that is, power would be given to the Price Administrator to issue licenses for the sale of every commodity on which he places a ceiling. This means every retailer will have to

have a license for each and every commodity he sells, possibly hundreds of individual licenses. The Administrator will be permitted to determine what profit the retailer will be allowed to make on each commodity which he sells under the license and he will even be permitted to determine just what system of book-keeping each retailer shall use. This will entail a swarm of inspectors, investigators, and so forth—all selected in the discretion of, and working under, the direction of the Price Administrator. Members of the committee who have studied this question have estimated that this new bureau, if the licensing feature is included, will require from 250,000 to 1,000,000 persons to administer it. I am opposed to any such bureaucratic expansion.

I shall not vote for this bill unless the market-manipulation clause is materially altered or eliminated entirely. The Administrator, whether it be Mr. Henderson or some other man, should not be permitted to buy any commodity he desires in any quantity he believes necessary to effectuate price control, and to sell it at any price he wishes to anyone he pleases, at either public or private sale. This could give him power to manipulate markets by creating artificial shortages of commodities, and to control industry and business generally by purchasing and withholding or selling necessary materials.

One man control of price fixing would be ideal if that man were superhuman and always just in his decisions. A benevolent dictator could undoubtedly render the most effective and efficient service. The difficulty is in securing such a dictator. No such vast power over the economic life of the country should be given to any Administrator, especially one entertaining the socialistic views of Mr. Henderson. I shall support the amendment providing for a five-man nonpartisan board of review to which those dissatisfied with the Price Administrator's decisions may appeal for review. When the Administrator realizes that there is such a board presently available, certainly this will have a restraining influence on him.

I repeat that if we are to win the war in which we are now engaged, there must be sacrifice on the part of all our people. The American way of life in peacetime must yield to a regimented way of life, which is necessary if we are to win the war. Under no condition should such legislation be enacted except in case of war. If this law were not to be limited to a given period, I would not support it.

I join with those who insist upon more economy in Federal spending. Tax money should only be spent for essentials during the emergency. The desirable and worth-while advancements and improvements must wait until the life of our Nation is made secure. We cannot have our cake and eat it too. Our taxes will be higher. High taxes and economy in spending by the Government will help much to curtail price inflation.

It is difficult for me to comprehend effective price control without taking into consideration all of the factors entering into the cost of a commodity. For

instance, if 60 percent of the cost of a commodity goes for labor and 40 percent of the cost for material, how is a ceiling to be placed on the sale price without taking into consideration the cost of both labor and material?

The fact is the labor cost of a commodity is just as much of a factor as is the material cost. Then again, if a ceiling is to be placed on wages, a ceiling should also be placed on profits. I hope that before this bill reaches a vote all these things will be taken into consideration. I am not yet persuaded that an equitable, workable, and effective price-fixing bill can be written otherwise.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. CRAWFORD].

The amendment was agreed to.

Mr. BLAND. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. BLAND: Page 7, after line 11, introduce a new clause to read as follows:

"(i) No price ceiling shall be placed upon any fishery commodity below the average price of such commodity in the year 1941, nor below the average cost of production at the time the ceiling is set."

Mr. BLAND. Mr. Chairman, when the bill was under consideration I appeared before the committee and offered an amendment which would have been total exclusion for fishery commodities from the operation of the bill. Later that was defeated in the committee. Then there was offered an amendment along the line of the agricultural provision in the bill which provided for a ceiling, but took into consideration parity. Inasmuch as there has been no real determination of parity, that was rejected, and I am now offering this amendment to place a floor on fishery commodities. The amendment is that—

No ceiling shall be placed upon any fishery commodity below the average price of such commodity in the year 1941, nor below the average cost of production at the time the ceiling was set.

The evidence produced before the committee showed that there had never been a return from the depression on the part of fisheries. I am going to summarize the reasons why this amendment should be adopted.

I may say that the original amendment had the general support of the fishery industry. One reason for the amendment is that fishery commodities, as a competitive product with agriculture, are controlled by the price of the competing product.

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. BLAND. I cannot yield. I only have 5 minutes and I do not desire to ask for additional time.

This is dealing only with fishery products. The price of the fishery products is largely determined by auction sale and consumption. Competition already controls the price. Seventy-nine percent of the total number of vessels engaged in fishing, 72 percent of the total number of men engaged, and 74 percent of the total value of the catch are products of

share or lay operations, so that price control would be, in effect, as far as the fisheries are concerned, regulation of wages.

Third, operation of trade agreements, low tariff rates on some items, and freedom of tariffs on most items operate to hold prices down.

Fourth, uncontrollable, unstable, uncertain, unknown, undetermined, and indeterminable factors in the production problem of fishery products make price control unfair, unjust, and unworkable.

No man can decide when fogs are going to be met, what fish are running, what the probabilities are, what the chances are. And it may be that within certain periods there will be no fish at all.

Information not available now nor obtainable within the time required by price control agencies except in the manner prescribed in the amendment, and the area and character of the industry are all such as to make price control impracticable.

The fisheries industry is essential to national defense. Fishing vessels are auxiliaries to the Navy, important facilities for defense purposes, and should be encouraged. Aids are extended by foreign governments to the seafood industry, yet no such aids are extended by our own country. Uncertainty in labor and instability caused by better prices paid in other industries increase the uncertainty of the labor factor and may drive fishery labor to other occupations. In other words, if fishermen are going to receive a better day's pay for a day's labor in the shipyards, or factories, or other plants they are going to leave fishing and go where the pay is better.

Fisheries have generally been regarded as necessary and essential to national defense. It was so regarded in the World War when the Government urged that production should continue and that the building of ships for the fishing industry should continue. I may say in this connection that about 14 trawlers and other ships have now been taken over by the Navy for national defense; and certainly this price level is all right.

[Here the gavel fell.]

Mr. STEAGALL rose.

The CHAIRMAN. The Chair recognizes the gentleman from Alabama, chairman of the committee.

Mr. STEAGALL. Mr. Chairman, there is not any objection to the amendment offered by the gentleman from Virginia. I could not imagine that any action would ever be taken contrary to the provisions of the amendment.

There is no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia.

The amendment was agreed to.

Mr. ROBERTSON of Virginia. Mr. Chairman, I offer an amendment, which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. ROBERTSON of Virginia: On page 7, after line 11, insert a new subsection to read as follows:

"(f) In order to prevent inflationary wage increases that will interfere with or prevent the effectuation of the purposes of this act, no agency or official of the United States shall

approve or recommend any wage increase which the Administrator determines to be inflationary nor shall any allowance be made for any wage increase which the Administrator determines to be inflationary, in any ceiling under this act. For the purposes of this act, a wage increase shall be deemed to be inflationary, if the Administrator determines that such increases will require an increase in any ceiling under this act, except where he determines that such increases in such ceiling are justified due to an increase in the workers' cost of living or due to subnormal wage rates that may exist in a particular industry or part thereof."

Mr. PATMAN. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. PATMAN. Mr. Chairman, I make the point of order against the amendment that the amendment commands and directs other agencies to do or not to do certain things. The amendment is not confined to the particular agency set up in the bill. The language of the bill would direct the President to do or not to do certain things; but the amendment refers to the Labor Relations Board, the Mediation Board, and many other agencies not connected in any way with the administration of the bill. I refer to line 3 of the amendment.

The CHAIRMAN. Has the gentleman from Texas concluded?

Mr. PATMAN. I have, Mr. Chairman.

The CHAIRMAN. Does the gentleman from Virginia desire to be heard on the point of order?

Mr. ROBERTSON of Virginia. Mr. Chairman, I do not think there is any merit at all in the point of order.

The CHAIRMAN (Mr. COOPER). The gentleman from Virginia offers an amendment against which the gentleman from Texas makes a point of order, stating as a ground of his point of order, among other things, that the pending amendment refers to other agencies or officials of the United States. The Chair invites attention to the fact that the language of the bill on page 22 under the subject of definitions states the following in lines 21, 22, and 23.

And includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing.

The Chair therefore feels that the amendment is in order, and overrules the point of order.

The Chair recognizes the gentleman from Virginia for 5 minutes in support of his amendment.

Mr. ROBERTSON of Virginia. Mr. Chairman, in view of the fact that this deals with a new subject not yet considered, and a very vital one, I ask unanimous consent to proceed for an additional 5 minutes in order that I may answer some questions after I have made a preliminary statement.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The CHAIRMAN. The gentleman from Virginia is recognized for 10 minutes.

Mr. ROBERTSON of Virginia. Mr. Chairman, all of us were thrilled by the eloquent statement of the gentleman

from Texas [Mr. DIES], a man whom I admire and whose work I have supported; and I went along with him in his statement right up to his final conclusion that because men we think believe in some "isms" other than Americanism have infiltrated into our Government we should have no price-control legislation until that has been taken care of. I cannot agree with that conclusion. I agree with the chairman of this distinguished committee. He has worked hard over this bill. It is a terrible task. He has been faithful, he has tried to be conciliatory to the conflicting interests he knew were involved. I agree with him that this is a vital matter. I wish every Member of the House could have read the recent article by Dr. Cammerer, of Princeton University, an economist of international reputation, published recently in the Wall Street Journal. He said every major war has been accompanied by inflation. He said every legislative body in the past facing such a situation has taken the easy way out, that they have not realistically faced the situation or attempted to control inflation.

They have done nothing adequate and have fallen back on the old alibi of the law of supply and demand. He said that there were more factors now present to bring about a disastrous inflation than ever before in the history of this Nation, and he predicted that the Congress would do nothing about it. Judging from cloakroom gossip and the comments of colleagues on both sides of this House, I am beginning to fear that before the sun goes down today Professor Cammerer will be proven right.

Mr. Chairman, I am not looking for an out to vote against this bill or to vote to recommit it. I want a bill, but I agree with Mr. Henderson, I agree with all the economists with whom I have discussed the matter, that we cannot have even reasonable success in controlling prices unless we control the various factors that enter into the price equation, of which wage is one—in some industries 50 to 60 percent of what is involved in the cost of manufacture.

So I have presented an amendment dealing with wages that does not have many teeth in it. I hope it has one tooth in it. If I had drawn it myself, I think I would have made it a little stronger—I will be frank to say that, although I want to take this opportunity to say that I am not hostile to labor. My legislative experience started in the State Senate of Virginia in 1916. I supported in that body legislation on behalf of labor that was far in advance of what the average man supported in that day and time. I have always been friendly to labor, and I still am. The fact that I have not supported all the labor legislation in this body in the last 9 years should not by any means be construed as hostility on my part to labor. I do not want to be unfair to labor. However, I hold in my hand a recent Gallup poll showing that the rank and file of labor feel, if we are going to put some ceiling on other prices, that they should have a ceiling put on them too.

This amendment, as I stated, was prepared by the Farm Bureau Federation

and presented to me. I am offering it because they have redrafted it six times, and I think they have made it milder in each draft until they got it down to as mild a point as they could and at the same time do any good at all.

Here is a telegram that many of us have received from the president of the Farm Bureau Federation, Mr. Edward O'Neal:

Respectfully urge Congress to courageously place national welfare above selfish demands of any group and enact legislation that will really control inflation which, unless checked, will wreck our Nation.

He comes out for a bill, and that is my position. I think that is the position of southern agriculture. We want a bill, but we do not want it limited to agriculture or to wholesale prices. We want a bill that will really control prices.

Mr. O'Neal proceeds:

It will impose a crushing debt burden upon us and generations that will follow.

That is absolutely true. In the last war inflation added \$15,000,000,000 to the cost of the war and over \$45,000,000,000 to the cost of living. In that war we had eighteen and one-half billion dollars of cash and demand deposits in 1918. Now we have fifty-six and one-half billion dollars of cash and demand deposits. In that war we spent a total of \$25,000,000,000, including cleaning up in 1919 and 1920 the war contracts. In 1942 we expect to spend in 1 year \$30,000,000,000. We have already spent in this undertaking as much as we spent in the same period in the last World War.

We started out with a big debt, while we had practically no debt then. We have every reason to believe that we will have a more rapid increase in the months and years to come in prices than we had then, when they went to 146 percent. We need a price-control bill, and if we are to have one, many of us think it is fair and just that some little restraint be put upon wages, in the absence of which they could dislocate any type of control program.

Mr. O'Neal goes on to say that—

Such legislation, to be fair and to be effective, must provide for control of inflationary wages comparable to control of farm prices and industrial prices and preserve parity relationship. Unless the pending bill can be amended to provide such control we urge you oppose its enactment.

I am not here to oppose enactment of this bill. We have its buying and selling provisions straightened out. The committee, as I understand it, has agreed on the Wolcott amendment providing for a review board. The chairman of the Committee on Banking and Currency has stated that he expects to change the licensing features. With a changed licensing provision, with an able, fair, and impartial review, I would not quibble over the licensing features. We had them in the last World War. If properly administered, we have nothing to fear from that. It is undoubtedly true it would be very difficult to get any adequate control if you wait until a man has violated the law. He has then started the prices up beyond what they should be.

You could then get an injunction against him, or you could proceed against one individual violation under the criminal penalties.

Mr. SACKS. Will the gentleman yield?

Mr. ROBERTSON of Virginia. I yield to the gentleman from Pennsylvania.

Mr. SACKS. Does not this amendment give the right to the Administrator or whoever will administer this law to suspend or to make inoperative all the other legislation that we have passed in the last few years?

Mr. ROBERTSON of Virginia. Now, that suggestion, with all due deference to the gentleman, is really absurd. We would not repeal the Wagner Labor Relations Act, the Forty Hour Act, and many others, although some changes in those laws should be brought about.

Mr. SACKS. It suspends their operation if the Administrator feels that way?

Mr. ROBERTSON of Virginia. No; it does not do so at all. Let me read you the amendment:

In order to prevent inflationary wage increases that will interfere with or prevent the effectuation of the purposes of this act, no agency or official of the United States—

And so forth. A request for a wage increase is pending before some mediation board or an official of the United States. It is an agency of the United States. If the Administrator who is charged with making a success of this says to some mediation board, "If you grant that wage request, you throw my program out of alignment, and I will have to increase the ceiling," some attention should be paid to that. Where is your control in this bill otherwise? Would you not in the absence of some restriction upon labor in voting for this bill as a price-control bill mislead the public? We have told them that the situation is serious.

We have told them we ought to deal with it. We have told them that in addition to inflation hurting the farmers there is a great middle class—oh, more than the widows and orphans. You have all your school teachers, all your salaried employees, and they will be crushed between the upper and the nether millstones with these increasing prices, while their salaries will not go up.

[Here the gavel fell.]

Mr. ROBERTSON of Virginia. Mr. Chairman. I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. ROBERTSON of Virginia. I yield to the gentleman from Massachusetts.

Mr. HEALEY. As a matter of fact, the gentleman's amendment does clothe the Administrator with the power to negotiate any agreement that has been arrived at through the orderly processes of collective bargaining, or mediation, or arbitration.

Mr. ROBERTSON of Virginia. I beg the gentleman's pardon; I do not construe it so. It affects no existing wage scale. It states that when a future demand comes that is under the jurisdiction of a Federal agency, the Administrator, if

he feels so inclined, can say it is inflationary. I have had some criticism from those who say to me, "Do you think Mr. Henderson is going to say any wage increase will be inflationary? He will not do anything under this." I say we have to trust somebody. I will trust Mr. Henderson to do what is right under this provision. It is very mild, and I will trust Mr. Henderson, when he finds that a wage demand is unreasonable and unconscionable and will cause inflation and a disruption of his previous price ceilings, to say to the Mediation Board, "Gentlemen, you must not go that far. You must not do it."

Mr. HEALEY. But the gentleman does give him the veto power over the findings that have been made by the Mediation Board.

Mr. ROBERTSON of Virginia. No. For one thing, we have 16 wage demands in negotiation now. If they are not settled before this law becomes effective, the Administrator could find out from them what they are planning to do, and how much wages they are demanding, and he could indicate to them whether or not it will be inflationary. Now, do you want it inflationary or do you not?

Mr. McKEOUGH. Mr. Chairman, will the gentleman yield?

Mr. ROBERTSON of Virginia. I yield to my distinguished colleague from Illinois.

Mr. McKEOUGH. I am quite sure, in connection with the question the gentleman from Massachusetts propounded and in answering which the gentleman from Virginia indicated a control on the part of the Administrator to accept or reject, that that ability certainly carries with it the power of veto if this language is incorporated in the act. Let me point out, with the indulgence of the gentleman from Virginia, that such wage increase is obtained only after a very exhaustive study and approach has been made in connection with any wage negotiation. I wonder if the gentleman from Virginia is willing that such matters rest alone within the veto power, with whom-ever may be the Administrator.

Mr. ROBERTSON of Virginia. I think the gentleman means, would it rest with the Mediation Board?

Mr. McKEOUGH. No; it would rest alone with the Administrator under the language of the gentleman's amendment.

Mr. ROBERTSON of Virginia. I would not leave it with the Mediation Board alone, for the simple reason that they have agreed to every wage increase sought in the last 12 months.

Mr. McKEOUGH. Maybe they should have agreed to more.

Mr. ROBERTSON of Virginia. But they did not have this price situation to face, and we now have it to face.

Mr. McKEOUGH. The gentleman from Virginia realizes that this imposed rigid requirement, if it is enacted into law, will go into effect prior to the time that a proposed 15-percent pay-roll deduction is made as recently proposed by the Treasury Department.

Mr. ROBERTSON of Virginia. Let me ask the gentleman, if he is not willing to trust Mr. Henderson, does he believe our farmers ought to trust him?

Mr. McKEOUGH. I am perfectly willing to trust Mr. Henderson, but not to the degree that he has a veto power over every other agency of the Federal Government having to do with wages.

Mr. ROBERTSON of Virginia. I do not call this a veto power over any other agency, but if this thing did not have any teeth in it I would not be here offering it. It does very little, but it does something. I believe we have reached the crossing of the roads, where we must have a showdown on whether this Congress is willing to do anything which affects labor or whether it is not. That is the real gist of this situation.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. ROBERTSON of Virginia. I yield to the gentleman from New York.

Mr. BARRY. Does the gentleman agree with me that when he gives the Administrator the power to increase wages or pass on increases of wages, he also gives the Administrator the power to control the votes of 30,000,000 laborers?

Mr. ROBERTSON of Virginia. There is more power in this bill given to the administrator over every other group in the Nation than over labor. I concede the right of others to lead for labor. I want to be fair to labor. I mean that. I think those leading for labor should be fair to the businessmen and to the farmers affected if we are to have a bill. I tell you that it is important to have a bill, and I am giving it to you as my fear that if it does not touch all the elements involved it will be an excuse for a good many to vote to recommit this bill, and we will not have any bill. And the best service anyone could render to labor today is to help frame a bill that will preserve the present purchasing power of present wages.

[Here the gavel fell.]

Mr. ROBERTSON of Virginia. Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes, in order to answer questions.

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. McKEOUGH. Mr. Chairman, will the gentleman yield further?

Mr. ROBERTSON of Virginia. I yield.

Mr. McKEOUGH. I merely desire to say, by reason of the kindness of the gentleman from Virginia in yielding to me, that when he propounded the general question as to whether or not the Congress was willing to enact any labor legislation with a view to controlling costs as they reflect themselves out of wage increases, I, for one in the Congress, want to go on record to that general question by saying to the gentleman from Virginia that I am opposed to any legislation by the Congress of my country that in any way violates the fundamental, moral, natural, inherent right of those who toil to obtain for themselves by peaceful means, mediation, conciliation, or negotiation an increase in wages that they must get to pay any added cost of living.

May I point out further to the gentleman from Virginia in connection with the proposal that he listened to in the Committee on Ways and Means, offered

by the Treasury Department, to consider a 15-percent pay-roll deduction as a further tax on those who toil, that I am against it.

Mr. ROBERTSON of Virginia. Does my friend favor any legislation on price control?

Mr. McKEOUGH. Yes; I favor it, and I say you can succeed to a great degree without in any way violating the rights of those who toil to seek further betterment in the way of wage increases.

Mr. ROBERTSON of Virginia. Of course, the gentleman is entitled to his view, but I think a sounder position is that in view of the fact that Henderson said there would have to be some action on wage increases and that labor represented from 30 to 60 percent of the cost of the manufactured article, he cannot be expected to do a good job if no limitation be put upon action with respect to wages.

Mr. SACKS. Mr. Chairman, will the gentleman yield?

Mr. ROBERTSON of Virginia. I yield.

Mr. SACKS. The gentleman said that the farmer was being put under this bill and that labor was not and that he felt that all groups ought to be put under the bill.

Mr. ROBERTSON of Virginia. That is right.

Mr. SACKS. May I point out to the gentleman that under this bill the Congress has not left it to the Administrator to set the value of the farmer's work, but has practically put an inflationary ceiling on farm products, and the way the bill is drawn the farmer cannot be controlled by the Administrator, but the farmer gets a preferential right under this bill granted by the Congress itself.

Mr. ROBERTSON of Virginia. If you take what is called parity based upon what happened during a certain period with respect to farm prices, the present wages are more above wage parity than the present farm prices are above farm parity, and this amendment does not touch any existing wage schedule. It does not prohibit any inequalities from being wiped out, it does not prohibit any of the advances from being made if reasonable and necessary and not in themselves inflationary. It is as mild an approach as you could possibly get, if you want any approach at all, and if I do not follow my distinguished friend from Chicago who does not want any legislation on wages, he and I will be just as good friends after this is over as we were when it started, but it is simply my view that it will improve this bill if these mild amendments with respect to wages are included.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. ROBERTSON of Virginia. I yield to the gentleman from Indiana.

Mr. HALLECK. As I read the gentleman's amendment, if the Administrator thinks a wage increase has been inflationary, he shall not take that into consideration in granting an increase in the ceiling. What is that going to do to the businessman who, rightfully or wrongfully, has been subjected to that sort of a wage increase?

Mr. ROBERTSON of Virginia. That is not written into this amendment. The gentleman may have construed it in that way, but that is not what the amendment states. The amendment says that when the Mediation Board is confronted with a wage demand, if the Administrator certified to the Board that the granting of that wage demand will be inflationary and upset all prices, they must not grant that wage demand. That is all that this amendment says.

Mr. TERRY. Mr. Chairman, will the gentleman yield?

Mr. ROBERTSON of Virginia. I yield to the gentleman from Arkansas.

Mr. TERRY. Under this bill the prices of farm commodities are based on the parity of 1910-14.

Mr. SACKS. No; 1919-29.

Mr. TERRY. There are three tests, and one of them is the parity of 1910-14.

[Here the gavel fell.]

Mr. PATMAN. Mr. Chairman, I rise in opposition to the amendment, and ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Chairman, this amendment is not so harmless as the gentleman from Virginia [Mr. ROBERTSON] indicated it was. The effect of this amendment will be to freeze wages throughout the length and breadth of this country in every industry, those employing 1 man, those employing 20,000 men, regardless of the kind of business in which they are engaged.

The gentleman from Virginia stated that the Administrator would only have a veto power, but if you will carefully read this amendment you will discover that the Administrator of Price Control would first have to act and O. K. or approve the wage increase or no employer could safely grant it. If you will notice the language—

In order to prevent inflationary wage increases that will interfere with or prevent the effectuation of the purposes of this act, no agency or official of the United States shall approve or recommend any wage increase.

That is the Mediation Board, that is some other organization, and that is a direction to them that they must get the approval of the Price Administrator or it will be unlawful for them to recommend any wage increase. Suppose that Board were to take the attitude that they know a particular increase is justified; there can be no question about it, they do not believe it is inflationary and therefore they grant it to the workers, and the workers then at the end of the week or 2 weeks or a month, when they get their pay, they will fail to receive a check sufficient to take care of that increase, because the next line says—

and no allowance shall be made for any wage increase which the administrator determines to be inflationary.

Mr. ROBERTSON of Virginia. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Wait just a moment, if you please.

So the employer would say, "Now, I would like to pay you men, but I cannot

pay you; I cannot make you any allowance, because the Administrator has not said that this is not inflationary, and we must first get his word." Every request for an increase on the part of everyone will have to be submitted to the Administrator and we must get his approval first. Then he has to determine whether or not it is inflationary, and next to determine whether or not it will increase the ceiling on any price that has been fixed by the Administrator. Then, if the ceiling will have to be increased, two other investigations will have to be made. One will be to determine whether or not the workers are receiving a fair wage, and next, whether or not the industry has a subnormal wage rate. There will be at least four investigations to be made for every single request for a wage increase among the 46,000,000 workers in the United States of America, and if we give the price-control Administrator the help that he will need, 2,000 or 3,000 or 5,000 or even 10,000, they will not be sufficient to carry out the purposes of the gentleman's amendment. It will increase the Board 5 to 10 times. You remember we voted on a question of wages here the other day, but it involved only employing 8 people or less. This includes the 46,000,000 workers in the United States. I do not want to say that the time will never come when I will vote to place wages in a price-control bill. Possibly I will. I shall not close the door behind me, but I believe it should be in a separate agency. I do not believe that the same agency that deals in cold inanimate objects as the gentleman from Missouri [Mr. WILLIAMS] said the other day, should also deal with the pulsating human being, whose all is the labor that they produce.

Mr. ROBERTSON of Virginia. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I ask the gentleman to wait until I finish my statement. Then I shall yield. I ask the gentleman to refresh his memory, if he has read the hearings, and he will be bound to see that no country in all the world, not Canada, not England, not even Germany, a dictator country, nor Russia has ever attempted to put wages and prices in the same administration. We will be breaking a world-wide record. Furthermore, I regret that the time has come when representatives of the farmers are taking issue with the working people of this country. People should recognize that the long steps taken by agriculture, which have been taken and taken principally in this Congress, have been accomplished with the help and assistance of the wage earners of the country. They have cooperated together. The people from Chicago and Boston and New York and Detroit and Cleveland and Pittsburgh and all those places have cooperated with the farm representatives, and they have gone further and accomplished more than ever before in the history of this Nation, because we have been working together. Now this amendment is an attempt not only to bog down—that I do not say that it is a deliberate attempt, but the effect of it will be to bog down enforcement of this act, and drive a wedge between two friendly groups in this country who have worked

together in mutual and common interest and have accomplished so much for each other. I yield to the gentleman from Virginia.

Mr. ROBERTSON of Virginia. I do not so interpret this amendment. I do not offer an amendment that looks one way and kicks the other.

Mr. PATMAN. I did not yield for a speech.

Mr. ROBERTSON of Virginia. I am referring to what the gentleman said. The amendment reads:

No agency or official shall recommend or approve—

Then you say that the next language means that nobody can pay.

Mr. PATMAN. That is right.

Mr. ROBERTSON of Virginia. My construction of that is—

Mr. PATMAN. Now the gentleman is making a speech and not asking a question.

Mr. ROBERTSON of Virginia. I am explaining—

Mr. PATMAN. I do not want the gentleman to explain, because he has already explained in his own time, and I am explaining now in my time.

Mr. ROBERTSON of Virginia. But the language is not what the gentleman says it is. It applies only to Government agencies.

Mr. PATMAN. All right; let us see. You say that no agency or official of the United States shall approve or recommend any wage increase which the Administrator determines to be inflationary. That is one.

Mr. ROBERTSON of Virginia. That is correct.

Mr. PATMAN. Drive down a peg there.

Nor shall any allowance be made for any wage increase which the Administrator determines to be inflationary.

In other words, you have two things there. The first is that an agency of the Government shall not recommend it; and if they recommend it, anyway, then no allowance shall be made for it unless the Administrator has approved it.

Mr. ROBERTSON of Virginia. If they recommend it, then you control it by the man saying that he cannot pay.

Mr. PATMAN. That is what I say. You have four investigations to be made on every person among 46,000,000 wage earners of this country who want to justify a wage increase.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield.

Mr. McCORMACK. The amendment further provides, in trying to defend the word "inflationary" with reference to wages, that any increase shall be presumed to be inflationary.

Mr. PATMAN. As pointed out by the majority leader, the amendment is fatally defective. There is an example. The majority leader of this House does not have a farmer in his district—

[Here the gavel fell.]

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. PATMAN. The majority leader does not have a farmer in his district. I doubt if he has a farmer within 25 miles of his district. He has worked with the farm group in this House. He has gone along with us and we have all worked together in the interest of the laboring man and the farmer, and we have accomplished more than has ever been accomplished before in the history of this country. I hope it is not disturbed now. So we should overwhelmingly vote down this amendment.

[Here the gavel fell.]

Mr. PLUMLEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have no disposition to tangle with my very good friend from Texas [Mr. PATMAN], but when he tries to tell me that because Russia and Germany have never done certain things as an inducement for me to do certain things he has made no argument which convinces me with respect to what I think I ought to do in this democracy.

Addressing an aggregation of sensible men, I ask you after the bill is amended to suit the committee—if and when—why should not the committee have brought it in right in the first place? That they did not do it is a complete and perfect answer. This is no time for partisan politics, no time for political expediency, no time for opportunism, no time for trying to drive an un-American policy through this Congress. I am against this wholesale, unconditional, ill-considered adoption of every amendment which is offered.

There may be grounds for a difference of opinion as to whether or not we should kill this price-control bill after all amendments to perfect it have been made, but there can be no question in the minds of a majority of this House who know what they are talking about, that we should recommit it, for the committee itself has evidenced that it did not know what it was talking about.

With all due respect to Mr. Henderson and Mr. Baruch, and all the economists who admittedly know so much more than I do or can ever hope to know, I take this opportunity to say that without a ceiling on salaries and wages every increase in the rate of employee compensation necessitates a percentage increase in the cost of goods made or services rendered.

The Government cannot freeze prices without freezing wages. The fact is so obviously axiomatic as to require no demonstration.

I realize full well that in this surcharged something-or-nothing atmosphere it is a waste of time for me to talk, for we will either recommit the bill, which we should do, or pass it, which we should not do, for in the latter event it will be consigned to the refrigerator. When served up again as a cold dish, the chemical changes superinduced by its treatment will make it almost unrecognizable.

What I do not understand—and I was never more serious in my life than now—what I do not understand is why 435 men, supposed to intelligently represent their constituencies, should be subject to an inferiority complex, be willing to submit to being submerged by another, under the rules, unmentionable branch of this Congress, and render themselves in-

effective and useless as legislators, as those who do not know their own minds. That is why unicameral legislative bodies ineffectively operate. If we right here, 435 of us, do not have the intestinal fortitude, right in this House, and have not the brains to legislate for this country, then we, as Members of the House, should, of course, hibernate—should abdicate, should adjourn—confessing our incapacity and acknowledge that our form of government is a failure.

[Here the gavel fell.]

Mr. PLUMLEY. Mr. Chairman, I ask for 1 additional minute.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. PLUMLEY. This I do not propose to admit, whether Mr. Pegler thinks we ought to or not. This is the Congress of the United States. This is the House of Representatives, a constitutional body of which Mr. Pegler, a columnist, without responsibility for legislation, is, or is not, unfortunately, a Member, whether I agree with him in whole or in part in his unmerciful castigation, deserved or undeserved, of this House of Representatives, of which I am proud to be a Member.

[Here the gavel fell.]

Mr. McCORMACK. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I just want to make a few observations on the pending amendment. When my friend the gentleman from Virginia [Mr. ROBERTSON], for whom I have a profound feeling of respect and friendship, having served on the Ways and Means Committee with him for several years, said that this is a mild amendment, I naturally accepted his statement as being correct. I know he would not make that statement unless he personally entertained it. My curiosity prompted me to read the amendment.

I am frank in saying that I am constrained to differ radically with the interpretation of my friend from Virginia of his amendment. In my opinion, it is one of the most drastic amendments that could be offered on this particular subject. The gentleman from Texas [Mr. PATMAN] has explained fully the difficulties in connection with the amendment.

For all practical purposes, if this amendment were adopted, it would mean the freezing of the salaries of all the employees of America. It would also mean the suspension of all labor legislation. The right of collective bargaining for all practical purposes, while not specifically suspended in the amendment, would actually be suspended if this amendment were adopted. Under the guise of being aimed at inflationary increases, or increases that will bring about inflation, it brings about a freezing condition; and I am sure even the most rabid critic of organized labor and unorganized labor would hesitate to go that far.

I am rather disturbed about some of the speeches made on the floor today and made last Wednesday. I do hope they will be toned down a little. I am very much disturbed about these inciting messages. They may be made for home consumption, but if their suggestions were

carried into successful operation, they might work against the interests of two great groups of American citizens, the farmers of the country, and the workers of the country. During my years of service here there has been close cooperation in this body between the Members who represent farming districts and those who represent industrial districts. I deplore vigorously the emotional appeals being made by some to passion. We do not want to have the harmonious relationship that has existed for so many years disturbed. So far as I am concerned, there is nothing anyone could say that would disturb my state of mind. I refuse to permit any future vote of mine to be influenced by way of reaction as a consequence of any speeches made here today or that may be made by a few who represent agricultural districts thinking they are making temporary advantages for themselves from a political angle, from the angle of votes, when as a matter of fact they are sending forth a message which, if followed, would be disastrous to the interests they represent, the farmers.

We are going to have up within a few days a very important bill that concerns the farmers of this country, a bill extending the soil-conservation program which expires January 1. That bill may be fought by some, but when that bill comes up, and I am going to permit it to be called up as soon as possible, and if there is a close vote I will speak for its passage, but I am going to vote for its passage, and I know others from industrial areas who feel the same way I do about it. I hope the situation that develops here may not produce a reaction that would result in some people feeling they would have to vote against this bill, and I hope such speeches will not be made this afternoon.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. PATMAN. I invite the gentleman's attention to the fact that when the question of parity came up in the House on an amendment put on a bill in the Senate, it carried by a vote of 183 to 176, a very narrow margin. It carried because the gentleman from Massachusetts [Mr. McCORMACK], another gentleman from Massachusetts, the gentleman from Chicago, and a couple from other northern cities voted for it.

Mr. McCORMACK. I think I made a speech for that bill.

Mr. PATMAN. And the gentleman himself made a speech for the bill. If it had not been for what the gentleman did, the parity provision would have been stricken out.

Mr. McCORMACK. The amendment offered by the gentleman from Virginia is unworkable. It is a very drastic amendment. We are going to have labor legislation next week. I share the views expressed by the gentleman from Texas that in a price-control bill relating to property there should not be included control of human beings.

We naturally are concerned about strikes and their control. If the legislation we pass next week does not meet the situation Congress can legislate again. We are going to have labor legislation.

I think the pending amendment is unnecessary, that it is unreasonably drastic, and I hope the amendment will be defeated.

[Here the gavel fell.]

Mr. GIFFORD. Mr. Chairman, I move to strike out the last two words. We are quite willing to take a spanking from our friend the gentleman from Vermont as long as he is so proud to be one of us and includes himself.

The committee did consider this labor legislation and heard testimony for many days. It has been already thoroughly explained to this House why we did not include it in this bill. It would be useless to send the bill back to the committee for the purpose of having it included, because I think the committee are determined that wage legislation should be controlled by some other agency. It was carefully considered, however.

What I particularly want to say at the moment is, I rejoice in the spirit of liberality and the willingness to retreat shown by the majority members of the committee here today. We should now have hopes that we may write a price-control bill. I wish to sound a warning to some of the Members who rather hostilely seem to have taken too definite a position. I quote James Russell Lowell:

A genuine statesman should be on his guard,
If he must have belief, not to believe 'em tu hard.

Let us keep our minds open until we learn the full measure of willingness to meet our objections to the controversial portions of the amendment to be considered. It is rather vital that we have some price control.

I congratulate the chairman of the Committee on Banking and Currency inasmuch as he seems willing to yield so much. I now feel confident that the Committee, by a good majority, will refuse to accept the licensing amendment. We can then vote for this bill, unless the proposed Board amendment is made to appear too mischievous.

Mr. WHITE. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Idaho.

Mr. WHITE. As a matter of fact, are not the income and wages of labor reachable by taxation just like the income of anybody else?

Mr. GIFFORD. Oh, you can kill off anybody with taxation.

Mr. THOM. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. THOM. Is it in order to ask unanimous consent to have the pending amendment reread?

The CHAIRMAN. It is in order by unanimous consent.

Mr. THOM. Mr. Chairman, I ask unanimous consent that the pending amendment be reread.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio [Mr. THOM]?

There was no objection.

The Clerk reread the Robertson amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia [Mr. ROBERTSON].

The question was taken; and on a division (demanded by Mr. ROBERTSON of Virginia) there were—ayes 53, noes 102.

So the amendment was rejected.

Mr. DIRKSEN. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment proposed by Mr. DIRKSEN: Page 7, after line 11, insert a new subsection (i):

"When rents have been established as is herein provided, the same shall be adjusted upward or downward upon the application of the owner or the tenant so as to produce a gross rental which after payment of taxes and other costs of ownership, management, and operation, including depreciation and an allowance for vacancy, will provide a net return which is reasonable upon the value of the property."

Mr. DIRKSEN. Mr. Chairman, I should like particularly the attention of the gentleman from Texas [Mr. PATMAN]. On last Friday we completed action on a rent-control bill for the jurisdiction of the District of Columbia. For a time that bill was held up because of objections of the gentleman from Texas. It finally was agreed upon in conference with an amendment which was offered by the gentleman from Texas, providing that where there was a grievance of some kind about the rent and it appeared that the rent was unreasonable, either the owner of the property or the tenant, either one, could make application for review so that a reasonable and fair rental would be determined.

In the present bill there is a yardstick, of course; but, obviously, when a ceiling has been imposed on rentals, somebody is going to get hurt. There are some properties, no doubt, on which a reasonable and fair net return will not accrue. That is all this amendment does. After the ceiling has been imposed, if there is an owner of a property who is not getting a fair return, he can make application and ask for review. If there is a tenant who believes that the rent is still too high and in disproportion to the value of the property, he may also open up the case and get it reviewed, so that a fair net return will be offered. There is nothing prolix about it. The language is not involved. I think it ought to appeal to and persuade itself to the attention of the members of the committee.

Mr. DONDERO. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Michigan.

Mr. DONDERO. What does the gentleman think a fair return is?

Mr. DIRKSEN. That is a matter to be determined by all the factors involved—depreciation, obsolescence, taxes, investment, and every other factor. When a broad ceiling has been imposed, there will be some below the line and some above the line. You have to iron out those inequities, because you cannot say to the owner of the property, "Well, this is a broad ceiling; if you are standing a loss on the property, you will have to take it for the duration of the emergency." On the other hand, a tenant might say, "You have imposed a ceiling, but it is still too high for the property I occupy." We should give a fair net return.

Mr. DONDERO. Would the gentleman put it in terms of percentage of the amount of money invested in the property?

Mr. DIRKSEN. Reasonable return may be many things. We have an Interstate Commerce Commission that allows a reasonable return on railroad property. We have a Federal Power Commission that allows a reasonable return on gas rates in interstate commerce. Every State in the Union has a utilities commission to permit a fair return on the investment value of the property. I do not care whether they take 5, 6, or 7 or 4 percent. At least let it be a reasonable return interpreted in the light of what constitutes a reasonable return at this particular time. A few years ago it may have been 6 percent. Maybe 4 percent is a reasonable return now. I am not quarreling about that, but there ought to be some fair net return on the property.

Mr. MAY. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Kentucky.

Mr. MAY. In 6 out of 10 of the cases in the States there is an appeal from the decisions of those boards to some court.

Mr. DIRKSEN. That is exactly right. This merely allows the owner or tenant to make that appeal and get action upon the matter if the ceiling is not fair.

Mr. PATMAN. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Illinois [Mr. DIRKSEN].

I am really amazed at the gentleman from Illinois [Mr. DIRKSEN] offering this amendment, which I understand is the type of amendment that he opposed in the District Committee of this House on the rent-control bill for the District of Columbia. The statement was made, "We do not want any cost accounting. We do not want to have to go into all these factors. It will be top-heavy with administration."

If I view this amendment correctly, it would do exactly what the gentleman opposed.

Mr. DIRKSEN. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Illinois.

Mr. DIRKSEN. May I say to my friend the gentleman from Texas that we had about 30 minutes on that amendment in the first instance. After due reflection, I think the gentleman from Texas was right in the first instance.

Mr. PATMAN. The gentleman's amendment goes much further than the amendment I got through on the District bill. The gentleman's amendment will include every factor. The amendment I suggested and which the Senate adopted stated that—

Any tenant may petition the Administrator to adjust the maximum-rent ceiling applicable to his housing accommodations on the ground that such maximum-rent ceiling permits the receipt of an unduly high rent; whereupon the Administrator may by order adjust such maximum-rent ceiling in such manner or amount as shall, in his judgment, effectuate the purposes of this act and provide a fair and reasonable rent for such housing accommodations.

There is no cost accounting, no detailed information involved; there is nothing

like that. It is a question of the fair rent.

Mr. DIRKSEN. If I had it to do over again, I believe I would accept the language of the gentleman's amendment.

Mr. PATMAN. If the gentleman will do that, I will accept it.

Mr. DIRKSEN. We cannot amend it, but I think it will do the same thing we are doing for the District of Columbia.

Mr. PATMAN. Will the gentleman ask unanimous consent to change his amendment? I will yield for that purpose.

Mr. DIRKSEN. Mr. Chairman, I ask unanimous consent to substitute the language in the amendment just read by the gentleman from Texas for the language I have submitted in my amendment, if the gentleman from Texas will agree.

Mr. PATMAN. I agree to it, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN. The Clerk will report the modified amendment.

The Clerk read as follows:

Amendment offered by Mr. DIRKSEN: On page 7, after line 11, insert a new subsection, as follows:

"(j) Any tenant may petition the Administrator to adjust the maximum-rent ceiling applicable to his housing accommodations on the ground that such maximum-rent ceiling permits the receipt of an unduly high rent; whereupon the Administrator may by order adjust such maximum-rent ceiling in such manner or amount as shall, in his judgment, effectuate the purposes of this act and provide a fair and reasonable rent for such housing accommodations."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

The question was taken; and on a division (demanded by Mr. GORE) there were—ayes 56, noes 8.

So the amendment was agreed to.

Mr. O'CONNOR. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, according to the information I get, an erroneous impression is going out over the country as to how this bill affects agricultural commodities. It seems that the people generally think we are giving to the farmers parity prices. This is not the case; we are fixing a ceiling, but no bottom is fixed, and it is the bottom that ought to be fixed for agricultural commodities, namely, a price that would not be lower than parity prices.

For instance, we find wheat today below parity, corn below parity, oats below parity, and barley below parity, as well as flaxseed, rice, cotton, potatoes, sweetpotatoes, peanuts, apples, butterfat, live chickens and live turkeys, eggs, hogs, and hay.

Generally speaking, unfortunately, the press has contended that the high cost of living is due to the high cost of farm products. As a matter of fact, the price of farm products is lower than the price of any of the other things people buy that make up their living. Consequently, we have no such thing as inflation with the farmers.

I am not at all alarmed about this inflation except as it applies to certain things over which the farmer has no control. The prices of commodities that are being inflated are the things that the farmers have to buy and that the consumers have to buy other than farm products after these products get into the hands of processors, wholesalers, and retailers.

I have a very interesting letter here from a constituent of mine in Montana. It reads as follows:

My brother-in-law visited here from Los Angeles in late August. A neighbor of ours had sold his yearling steers for 9 cents per pound. He was talking about that being a pretty fair price. My brother-in-law spoke up and said, "Oh, boy; I wish we could get meat at that price." Beefsteak in Los Angeles is selling for 52 cents a pound, and it is selling for about the same everywhere else.

There is the situation in a nutshell. The farmers who raise feeds and deliver the beef to market get 9 cents per pound and glad to get that. Those who handle it after it leaves the farm get 43 cents per pound before it reaches the consumers' table. Take wheat: 73 cents per bushel in Montana, and flour \$3.60 per hundred. There is something radically wrong somewhere. If Congress wants to keep down the cost of living, let them lay the blame where it belongs—not on the farmers but rather on the carriers, processors, wholesalers, and retailers. Let them set the price on them and leave the farmer alone. He has been the goat long enough. The fruit growers in California get 5 cents per dozen for the same oranges that we pay 35 cents a dozen for in the retail stores in Montana.

This letter is signed by a very intelligent lady, Mrs. Nels Amundson, Ismay, Mont.

As a matter of fact, the beef grower today is selling his beef for the first time for years at a price that nets him an amount sufficient to pay his taxes and to pay something on the principal he owes and on the back interest he has not been able to pay. The same is true of the wool grower. Within the last few years I have seen good beef sell over the scales in Montana for 2 and 3 cents per pound, and during the same time I have seen sheep sell for 75 cents a head and wool at 9 cents per pound. The cattlemen and sheepmen took a terrible licking during those years, and it is just within the last 3 or 4 years that they have been getting a decent price for their beef, lambs, and wool. Now the formula constituting parity now used by the Agricultural Department would take 2 cents off on beef as the stock growers sell it. The formula used is wrong in that it does not take into account the cost of the animal or the feeder that is being fed nor the high cost of raising such an animal as the price of labor has increased, likewise taxes and all operating expenses have gone up. Consequently, if we pass this bill as is, it would wreck the cattle-feeding industry.

As a matter of fact, beef today is much lower than it was on January 1, 1941. At the same time, your meat markets and your restaurants everywhere are raising the price of what they sell and serve you on the basis of the fact that beef has gone up, when the contrary is true.

The farmer is still the goat. This bill ought to be recommitted and write a

bottom on farm prices that would guarantee cost of production and a little profit, which would adversely affect the consumer but very little. If farm prices go above parity, which they are not now, it will be plenty of time to deal with that subject.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. DONDERO. Does the gentleman think section 3 should remain in this bill?

Mr. O'CONNOR. I do not.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. O'CONNOR. I do.

Mr. AUGUST H. ANDRESEN. As far as inflationary prices in farm products are concerned, we have a 2-year supply of wheat on hand, we have a 2-year supply of cotton, we have the largest beef and pork supply in the history of the country, and we have an abundance of everything. Inflationary prices are brought about by scarcity, and, certainly, with a new crop coming on, there will be no scarcity.

Mr. O'CONNOR. There is no possibility of inflation with the farmers under the present conditions, and I cannot see where this bill will help the farmers. It would give somebody the power to place a ceiling on what he raises and sells, but what the farmer ought to have is a bottom placed on what he raises and sells. It would give to him parity prices for his commodities. I am strongly in favor of a bill fixing prices on metals, and so forth, that go into carrying out our defense program. I am in favor of fixing prices on manufactured articles and wholesale prices as well as retail prices when they get out of line. I also favor fixing prices on imports into this country. Now, when parity prices for farm products have been reached, if they ever are, that subject can be dealt with at such time.

[Here the gavel fell.]

Mr. SAUTHOFF. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SAUTHOFF: Page 7, line 7, after the word "Act", strike out the period, insert a semicolon, and add the following: "no ceiling shall be established less the cost of production of such commodity, cost of production to include a reasonable profit."

Mr. STEAGALL. Mr. Chairman, I reserve a point of order against the amendment.

Mr. SAUTHOFF. Mr. Chairman, all this amendment provides is that the Administrator shall not be empowered to fix a ceiling lower than the cost of production, that is all. This certainly is fair, because in granting such vast powers to one man, we do not want him to have the power to completely wreck a business by fixing a ceiling lower than the cost of production. I trust the Committee will accept this amendment, because it seems to me the amendment is absolutely fair, and there is no provision in the bill that grants this particular cost-of-production figure to industry, agriculture, and labor, and we ought to have it.

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. SAUTHOFF. I yield.

Mr. PACE. The Committee did accept, a moment ago, a cost-of-production amendment as to fisheries, did it not?

Mr. SAUTHOFF. Yes; so why not have it for everything else? That is only fair.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. SAUTHOFF. I yield to the gentleman.

Mr. AUGUST H. ANDRESEN. I would like to see the gentleman modify his amendment so that the farmers would get cost of production, plus a fair profit.

Mr. SAUTHOFF. That is already in the amendment.

Mr. PIERCE. Mr. Chairman, will the gentleman yield?

Mr. SAUTHOFF. I yield.

Mr. PIERCE. But cost of production is so hard to estimate and cannot you provide for parity, which is ascertainable by the department, while cost of production varies?

Mr. SAUTHOFF. I realize that, but manufacturing costs must also be considered and therefore inasmuch as manufacturing costs constantly vary, the amendment provides that all the costs shall go in plus a reasonable profit.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. SAUTHOFF. I yield.

Mr. DONDERO. The question I have been asking here is why the necessity of fixing a ceiling on farm prices and at the same time paying a billion dollars a year in farm subsidies.

Mr. SAUTHOFF. That is correct, and I may add that farm prices have not even reached parity yet.

Mr. STEFAN. Mr. Chairman, will the gentleman yield?

Mr. SAUTHOFF. I yield to the gentleman.

Mr. STEFAN. I have sent to the Clerk's desk an amendment to go into section 3 to add an additional formula. In section 3 we have three formulas under which they fix a ceiling on farm prices and I have added a fourth formula providing for cost of production plus a fair profit. I would like to support the gentleman's amendment and I hope when we come to section 3 the gentleman will support mine.

Mr. MURRAY. Mr. Chairman, does not the gentleman think it is as easy to figure cost production as it is to figure parity, because I have not found anybody yet who really knows what parity is?

Mr. SAUTHOFF. We have been roaming in the wilds and labyrinths of parity for many years, but have not reached a definite understanding of that matter yet.

Mr. JOHNS. Does the gentleman think there is any danger of inflation with the farmers when in the first 6 months of 1941 we exported only \$242,793,000 worth of agricultural products, while at the same time in the same year we imported \$965,668,000 worth of agricultural products, and of that amount \$443,000 were competitive products, which could be raised in this country?

Mr. SAUTHOFF. I do not think there is any danger of that. We have heard considerable about farm prices. We have also read editorials on farm prices, and some of the metropolitan newspapers have been conducting a rather vigorous

campaign against farm prices and the farm bloc. Let us see who is making the money and getting the fat salaries, and how many farmers you find among them:

Gary Cooper, movie actor.....	\$482, 820
Thomas J. Watson, International Business Machines.....	442, 560
George W. Hill, American Tobacco Co.....	420, 299
F. A. Countway, Lever Bros. (soap).....	383, 210
William S. Knudsen, General Motors.....	372, 366
James Cagney, movie actor.....	363, 333
John Ford, Twentieth Century-Fox.....	320, 000
A. A. Somerville, R. T. Vanderbilt, Inc.....	278, 486
Edward C. Stone, United States branch of Employers' Liability Assurance Corporation, Ltd.....	272, 336
E. G. Grace, Bethlehem Steel.....	271, 224
Edward G. Robinson, movie actor.....	255, 000
Bing Crosby, movie actor.....	250, 000
Sonja Henie, movie actress.....	249, 500
Fred McMurray, movie actor.....	240, 333
Ginger Rogers, movie actress.....	219, 500
Errol Flynn, movie actor.....	213, 333
Carole Lombard, movie actress.....	211, 111
Picture executives:	
H. B. Wallis, Warner Bros.....	265, 000
Darryl F. Zanuck, Twentieth Century-Fox.....	255, 000
General Motors:	
Charles F. Kettering.....	250, 506
Albert Bradley.....	236, 684
Charles E. Wilson.....	236, 584
Marvin E. Coyle.....	230, 684
Donaldson Brown.....	217, 908
Alfred P. Sloan, Jr.....	200, 450
Broadcasting companies:	
William M. Paley, of Columbia.....	204, 270
David Sarnoff, Radio Corporation.....	100, 240
Vincent Riggio, American Tobacco Co.....	230, 179
Paul Hahn, American Tobacco Co.....	230, 179
Charles F. Vincent, American Tobacco Co.....	230, 179
C. S. Woolman, Hales & Hunter Co.....	222, 929
W. B. Bell, American Cyanid Co.....	215, 514
W. S. Gifford, American Telephone & Telegraph.....	209, 550
W. P. Chrysler, Chrysler Corporation.....	200, 000
R. T. Vanderbilt, R. T. Vanderbilt Co.....	200, 000
Floyd B. Odum, Atlas Corporation.....	200, 000
Sir Douglas Alexander, Singer Manufacturing Co.....	200, 000
H. F. Sinclair, Consolidated Oil Corporation.....	200, 290

There are a number of others receiving salaries under \$200,000 a year whom I have not mentioned. I felt the list was too long to put in these brief remarks. But one fact sticks out very plainly—you can search this list and scrutinize it with a magnifying glass and you will not be able to find an entry to this effect: Eli Perkins, farmer, \$400,000, or \$200,000, or \$100,000, or \$50,000. No; you will not find any farmers listed here with a large income; yet we have had editorials in the Washington papers again and again about holding down farm prices.

Let us see what the newspapermen are getting:

Joseph Pulitzer, Pulitzer Publishing Co. of St. Louis.....	\$196, 753
W. E. MacFarlane, of the Chicago Tribune.....	111, 419
L. H. Rose, of the Chicago Tribune.....	100, 000
R. C. Holliss, of the News Syndicate.....	110, 205
F. M. Flynn.....	110, 205
M. Annenberg.....	110, 205
William Randolph Hearst.....	100, 000
Victor H. Hansen, Birmingham News.....	95, 400
Kenneth W. Payne, of Reader's Digest.....	99, 500

In this list, published on August 1, 1941, there are 64 names listed, all receiving salaries greater than that of the President of the United States, and yet the President of the United States is carrying a tremendous load, as everyone must realize. He is carrying, in all probability, the fourth heaviest load in the world today. There are only 3 men, in my judgment, who have greater worries and problems than he has—Churchill, Hitler, and Stalin. In my judgment, during the time of national emergency, these salaries are indefensible. If I were going to put a ceiling on the earnings of labor I would start with the proviso in this bill that no one could receive a salary, including commissions, bonuses, and so forth, in excess of the President of the United States, and I would safeguard that by not permitting the earning of someone else in the family, or a split contract by which he could get \$75,000 from one company and \$75,000 from another, and so on.

Let us have no more editorials from newspaper executives drawing \$100,000 a year about the high prices for farm products. The farmer has not had an even break for over a generation, and even today, when his prices have risen and somewhat improved his condition, his position is still below parity in regard to most of the outstanding agricultural products. I trust that this amendment will prevail.

The CHAIRMAN. Does the gentleman from Alabama withdraw his reservation of the point of order?

Mr. STEAGALL. Yes.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin.

The question was taken; and on a division (demanded by Mr. STEFAN) there were—ayes 59, noes 71.

Mr. SAUTHOFF. Mr. Chairman, I demand tellers.

Tellers were ordered, and Mr. SAUTHOFF and Mr. PATMAN were appointed tellers.

The Committee again divided; and the tellers reported ayes 70, noes 90.

So the amendment was rejected.

The Clerk read as follows:

AGRICULTURAL COMMODITIES

SEC. 3. (a) No ceiling shall be established for any agricultural commodity below (1) the market price equivalent to 110 percent of the parity price or comparable price for such commodity, adjusted for grade, location, and seasonal differentials, as determined and published by the Secretary of Agriculture; nor (2) the market price prevailing for such commodity on October 1, 1941; nor (3) the average price for such commodity during the period July 1, 1919, to June 30, 1929.

(b) For the purposes of this act, parity prices shall be determined and published by the Secretary of Agriculture as authorized by law: *Provided*, That in the case of any agricultural commodity other than the basic crops—corn, wheat, cotton, rice, and tobacco—the Secretary shall determine and publish a comparable price, whenever he finds, after investigation and public hearing, that the production and consumption of such commodity has so changed in extent or character since the base period as to result in a price out of line with parity prices for basic commodities.

(c) Any ceiling established on any commodity processed or manufactured in whole or substantial part from any agricultural

commodity shall be consistent with the purposes set forth in subsection (a) herein and shall not be established in any manner as to circumvent, vitiate, or prevent the effectuation of such purposes.

(d) No provision of this act or of any existing law shall be construed to authorize any action contrary to the provisions and purposes of this section.

Mr. BARRY. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BARRY: Page 7, line 19, after the figures "1941", strike out "nor (3) the average price for such commodity during the period July 1, 1919, to June 30, 1929."

Mr. BARRY. Mr. Chairman, the purpose of my amendment is to strike out of this section that amendment which was adopted in committee known as the Brown amendment. I dislike to offer this amendment, because I have great affection for my colleague the gentleman from Georgia [Mr. BROWN], but I cannot see how this amendment in a bill that is supposed to curb inflation can possibly be justified. Today we know that a majority of agricultural commodities are below parity. We had and still have in this bill before the Brown amendment was adopted a provision which prevented the administrator from setting a ceiling below 110 percent of parity. Therefore, we said to the American people that we would allow at least 10 percent inflation. The Brown amendment goes beyond that and selects the most inflationary period in American history, between 1919 and 1929, that period when we had that crazy era leading up to the collapse of the stock market. So actually with the Brown amendment, we say to the American wage earner, in whose budget food is the greatest item, "We are going to allow farm prices to go up to an inflationary period such as we had between 1919 and 1929, and then when the prices are inflationary, we will give the Administrator the right to curb them." I cannot see how we can justify this Brown amendment. The other provisions might be justified on the ground that 110 percent of parity is actually a softer blow to the wage earners than 120 percent of parity, which would be permitted under the Brown amendment.

Mr. PACE. I cannot understand the gentleman's statement to that effect, when the 110 percent on parity would be \$1.34 a bushel, and under the Brown amendment it would be only \$1.32.

Mr. BARRY. I went over the list that the gentleman from Montana [Mr. O'CONNOR] had, and some items would be less, but the main items would be greater, and probably approach about 120 percent of parity, based on a period which is the highest inflationary period in the history of our country.

Mr. PACE. I wish the gentleman would recheck the list.

Mr. BARRY. I rechecked it recently.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. BROWN of Georgia. Mr. Chairman, my distinguished friend from New York [Mr. BARRY] made two or three speeches here trying to keep labor out of

this bill, and now he wants to include in the bill the farmers who receive less than 9 percent of the national income. Certainly he ought to be fair enough to go along with us so as to fix at least a reasonable ceiling for farmers.

That was a year after the war—1919. 1929 is the year when we had the greatest deflation. Those 10 years represent a period of free farm economy and the only 10 years we should use. Prices in those years were not inflationary.

We have three provisos or formulas in the agricultural section of the bill. One is 110 percent of parity; another the prevailing prices as of October 1, 1941; and the third, the Brown amendment, the average price during the period July 1, 1919, to June 30, 1929. 110-percent parity is justified for this reason: Take cotton, for instance, as one commodity. There might be a few months where it would sell at 85 percent of parity. Then for the next few months you would have to sell at 115 percent of parity in order to attain parity the year around. Now, you fix October 1, 1941—prevailing prices. That represents many of the commodities selling around 130 or 140 or 150 percent of parity—beef cattle, for instance, and wool and oils, and many other things. Therefore, it is necessary to put the Brown amendment in in order to give equality to all agricultural producers.

Mr. DEWEY. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Georgia. I yield.

Mr. DEWEY. Was not 1926 the year set by the Bureau of Labor Statistics as being the desirable year for all commodities and labor prices?

Mr. BROWN of Georgia. Yes; that is the average for the 10-year period of 1919 to 1929.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Georgia. I yield.

Mr. SPENCE. Is it not a fact that the general average of 110 percent of parity is higher than the prices in 1919-29?

Mr. BROWN of Georgia. The prevailing price on October 1, 1941, is a higher price for more commodities than any one exception we have. Unless the Brown amendment is adopted, it simply means that prices of many of the commodities will be much lower than the prevailing prices of October 1, 1941, and lower than 110 percent of parity on others. It does raise about three basic commodities to some extent. One of those is cotton. Another is potatoes, and the other is butterfat. There you are, two of the largest agricultural groups in the country, the producers of cotton and the producers of butterfat, will not be on an equality with other agricultural producers unless the Brown amendment is adopted.

Mr. DONDERO. Will the gentleman yield?

Mr. BROWN of Georgia. I yield to the gentleman from Michigan.

Mr. DONDERO. Do the farmers of the country, as a general rule, accept section 3 of this bill?

Mr. BROWN of Georgia. I think they do, if agricultural commodities must remain in the bill.

Mr. DONDERO. You think it is necessary in this particular type of legislation to control the price of farm products while we are still paying a billion-dollar-a-year subsidy?

Mr. BROWN of Georgia. I will be fair with the gentleman. We have surpluses of wheat, of corn, and of cotton; but if a ceiling is to be placed on farm commodities, I want to see that the price is such that we can still retain the law of supply and demand. People are not going to stand for any rigid law. Unless you can give some room for the law of supply and demand to operate, the law will certainly be unfair and unsatisfactory. The Brown amendment is necessary in order to give equality to all these classes. I do not think you ought to have a rigid bill where the law of supply and demand will be destroyed entirely.

Mr. WHITTINGTON. Will the gentleman yield?

Mr. BROWN of Georgia. I yield.

Mr. WHITTINGTON. Is it not true that, according to the statistics of the Labor Department, wages have risen six and one-half times more than agricultural prices since the parity period 1910-14?

Mr. BROWN of Georgia. I am informed that is correct. I have a list of commodity prices which was furnished by the Department of Agriculture. The gentleman from Texas [Mr. PATMAN] put it in the RECORD the other day. You will notice that only three of the main commodities are raised by the Brown amendment. The amount of the increase on a few other commodities is very small.

[Here the gavel fell.]

Mr. ROBSION of Kentucky. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 5 additional minutes.

The CHAIRMAN. Is there objection? There was no objection.

Mr. BROWN of Georgia. I thank the gentleman from Kentucky.

Now, Mr. Chairman, there is nothing unfair about this provision. In other words, to pass any price-fixing bill including agriculture without the Brown amendment in it would certainly do an injustice to a great many of the large agricultural producers of this country.

As far as exception No. 2 is concerned, you have several commodities that are more than 130 or 140 percent of parity. In all the bills that have been presented, and from everybody who has suggested anything about the control of prices, all agree that you cannot bring a commodity below the price it is today. When you do that you cannot get equality among agricultural groups unless you have it in the form we have here. You must have the Brown amendment in order to take the most recent 10 years of free farm economy in this country. After all, none of these formulas raises the commodity prices beyond 118½ percent.

I want to stress this fact: Not a single witness testified that the average prices of 1919 to 1929 were inflationary. Then if they are not inflationary, why not give room for supply and demand to operate as it always has done?

Mr. HOPE. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Georgia. I yield.

Mr. HOPE. Is it not a fact that during no year between 1920 and 1929 was the level of agricultural prices at parity? In other words, they were below parity during all of that time.

Mr. BROWN of Georgia. I did not understand the gentleman.

Mr. HOPE. Is it not true that agricultural prices were below parity during all the period between 1920 and 1929?

Mr. BROWN of Georgia. No; that is not true.

Mr. HOPE. I do not believe the gentleman understood my question.

Mr. PACE. I think the gentleman means market price.

Mr. BROWN of Georgia. Yes.

Mr. HOPE. Market prices were below parity?

Mr. BROWN of Georgia. Market prices were below parity.

Mr. HOPE. During all those years I was speaking of except 1919?

Mr. BROWN of Georgia. That is so.

Mr. HOPE. And is it not also true that that was the period during which Congress was considering many important measures to raise agricultural prices, such as the McNary-Haugen Act?

Mr. BROWN of Georgia. That is true.

Mr. HOPE. That, of course, does not indicate there was any inflation in agricultural prices.

Mr. BROWN of Georgia. That is true; and not a single witness said this price would be inflationary. If prices do not involve inflation, why should we destroy the law of supply and demand? I say, Mr. Chairman, I do not see how anybody could vote for the amendment presented by the gentleman from New York.

Mr. WHITTEN. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Georgia. I yield.

Mr. WHITTEN. Does the gentleman think there is no danger of the Administrator appointed under this bill setting a ceiling that is less than 10 percent above parity?

Mr. BROWN of Georgia. Under the bill, of course, he cannot set a ceiling below the average of 1919 to 1929.

Mr. KOPPLEMANN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. The gentleman from Connecticut asks unanimous consent to proceed for 5 additional minutes. Is there objection?

There was no objection.

The CHAIRMAN. The gentleman from Connecticut is recognized for 10 minutes.

Mr. KOPPLEMANN. Mr. Chairman, I, too, belong to the farm group of this House. In my district is grown one of the most important farm products raised in this country. I know the farmers' troubles, I know the conditions they face, and I believe I know what they expect and want from the Congress. They do not ask for this average price of 1919 to 1929. As a matter of fact, outstanding farm groups in the interest of the farmers are protesting inflationary prices for farm products, although I will state

that a cotton exchange broker in New York City wrote me in opposition to the whole bill before us. He does not want any price control at all.

Under the bill as originally presented, 110 percent of parity was made a ceiling. How many farmers' Representatives in this House can at the moment claim that their farmers are today receiving 110 percent?

Mr. BUCK. Mr. Chairman, will the gentleman yield?

Mr. KOPPLEMANN. I have a statement to make, and I ask that I be permitted to continue. I will answer after I am through.

The farmers seek a fair return for their labor and product, and should have it. That is amply and generously provided in the first two provisions of this section, namely, the 110 percent of parity price and the establishment of a price level which obtained as of October 1, 1941. Beyond that, any incentive for further increase of agricultural prices paves the way for inflation. Farmers who prospered during the World War inflation period and the few years following suffered the effects of that inflation by a depression which thoroughly disorganized American agriculture to a degree which everyone, farmers and nonfarmers alike, painfully remember. Agricultural legislation enacted during the past 9 years was pointed at stabilizing American agriculture to the end that the suffering and disaster that visited the farmers during the depression years would not recur. Agriculture is more stabilized today than it ever has been in this country. If we permit prices to rise to the 1919-29 period in addition to the 110-percent parity ceiling and the October 1 level, whichever is higher, we will be creating a condition which will repeat the calamities suffered by the farmers during the depression. The high-price ceilings permitted in this particular provision are directly inflationary.

Today, now, we must be ever on guard lest a so-called defense prosperity get out of hand and bring in its tide when the emergency is over all the evils which afflicted the country during the depression years. That is the purpose for which we should be legislating. The country is looking to us to exercise courage and foresight in building today the protection against inflation.

Unless this amendment is adopted, we will create an immediate dangerous situation. The great majority of the families of the country have not benefited financially by defense activity. Millions of white-collar workers, millions of factory workers have seen no rise in their income. The cost of living has risen sharply. As of October 15 prices, the average working man's family cost for the foods ordinarily consumed in everyday eating was about \$360 a year. For millions of families this amounts to a third of the family income. Under this 1919-1929 provision the cost of the most commonly used foodstuffs can rise to as high as \$415 a year. This 11 percent additional rise can be borne by the higher-income families, and by the families who are getting a higher income because of defense jobs. But the majority of American

families, I repeat, have not been affected by the defense prosperity and for these a further rise in living costs is going to be a serious and a disastrous blow.

Defense production requires a nation morally, physically, and spiritually strong. All three, the morale, the physical health, and the faith of the rank and file of Americans in democracy will suffer a severe blow unless this Congress acts to protect them as this bill originally intended to protect them. On all sides we hear grumbling because families cannot buy the foods they need. They cannot afford important foods in sufficient amount for ordinary health.

We must send food abroad. That is part of our defense program. How can we justify to Americans that it is important to send food to the battling nations, if we permit prices to get so high that Americans themselves cannot purchase the foods they need?

As an example, a housewife told me that her Thanksgiving dinner in 1940, for seven people, in round figures cost her \$9. The same dinner this year, in round figures, cost her \$15, with the exception that the turkey was slightly smaller. I am wondering whether that family will have turkey next year if we permit the higher prices to prevail, which my amendment will prevent.

This bill, ladies and gentlemen, is intended as part of our defense structure. Its purpose is for the economic defense of the Nation and the moral defense of the people. Because of this, it is imperative that we do nothing that will further increase the cost of food and clothing.

At this point, Mr. Chairman, I ask unanimous consent to insert in the RECORD some figures which the shortness of my time prevents my reading.

The CHAIRMAN. Were the figures compiled by the gentleman himself?

Mr. KOPPLEMAN. Yes.

The CHAIRMAN. The gentleman has that permission, without objection.

Mr. KOPPLEMAN. Let me call your attention to some figures. At wholesale there are the following differences between prices of some of the common farmers' commodities at 110-percent parity on the one hand and the 1919-29 prices on the other hand:

Butter, a 10-percent increase.

Cotton, a 13.8-percent increase.

Wool, a 22.66-percent increase.

Chickens, a 22.5-percent increase.

Oranges, a 31.6-percent increase.

Potatoes, a 17.9-percent increase.

Raw sugar, a 12.17-percent increase.

These are just a few of the common commodities that make up every-day living that are required by families, whether they be in the low-income class or the high-income class, whether there are defense workers in the family getting higher pay, or whether, as in most cases, there are no defense workers and the income has not increased over a year or two years ago.

[Here the gavel fell.]

Mr. GIFFORD. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I gave notice on Tuesday that I would weep as loudly for the farmers as any Member of the House, and

that the Republicans would weep with me because we need the votes as badly as the Democrats. I have never yet, however, said I belonged to the farm bloc as the gentleman just did and then proceed to read myself out of that party. I made this weeping statement on Tuesday. I tried to say it in a sort of jocular manner. I finally said that "I trusted my conscience might come to my rescue." My conscience has indeed been wrestling with me over this so-called Brown of Georgia amendment.

One hundred and ten percent of parity would seem enough. This new feature demands the average price from 1919 to 1929 and we do not know what those prices may be. I yield to the gentleman from Georgia to tell me what the lowest price of cotton would be under his amendment.

Mr. BROWN of Georgia. Every item is in the CONGRESSIONAL RECORD.

Mr. GIFFORD. Will the gentleman tell me what is in the CONGRESSIONAL RECORD? I think he knows where cotton would go.

Mr. BROWN of Georgia. What is your question?

Mr. GIFFORD. What would be the price of cotton?

Mr. BROWN of Georgia. Twenty-one and six-tenths cents.

Mr. GIFFORD. I thank the gentleman for that.

Mr. BROWN of Georgia. I may say that is 21 cents for the cotton and the labor too.

Mr. GIFFORD. I voted for this amendment in committee, because the information I had at hand was that it would not make any particular difference because those prices would be about the parity prices, and it would do no particular harm to let it go in. I now have been told that cotton would go up to more than 21 cents. This is quite a problem for us to consider. There would be certain farm products, not all, that under this third suggestion might rise higher than they ought to be allowed. I think highly of the gentleman from Georgia. We have served together on the committee for years. I could wish that he might win this amendment, because it would be a great personal victory, one of great importance to all cotton producers. It would hurt me to vote against this, although my amendment to protect fish failed to be favored. I said in the committee that it did not matter very much, because when the gentleman from Virginia [Mr. BLAND] took the floor to offer and advocate it there would be few votes against it. This morning my predictions came true. We did attempt to debate, or "chew," over the amendment. You swallowed the fish whole. I am almost in a frame of mind, considering the liberality of the House, to again stretch my conscience and vote for the Brown amendment. I confess I am swaying back and forth a little on this, which is a little bit unusual for me, you will agree. Seriously, we want the farmers' votes for the Republican Party, and I must not want to do anything here to alienate them.

Mr. PACE. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Georgia.

Mr. PACE. With 23,000,000 bales of cotton on hand, when we are producing more each year than we can consume and export, how many years does the gentleman think it will be before cotton would ever get up to 21 cents?

Mr. GIFFORD. You have so fixed it. You have done it well. Only a little of storage cotton is allowed to be placed on the market. Indeed, it is on hand, and I will add probably deteriorating, if not in proper storage. You receive a most satisfactory income from the storage of that cotton. The story about storage has been told before. Why should you wish to sell it? The storage business of your section is one of the most profitable businesses you probably have. The Government now owns it. It must, of course, not compete and lower prices.

Mr. AUGUST H. ANDRESEN. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. I may say to the gentleman that some of the cotton the Government owns we are selling to Canada at 3 cents a pound under the price charged American consumers.

Mr. GIFFORD. The gentleman is bringing up a question as what to do with cotton by this artificial means to make a falsity of the natural laws of supply and demand. I am still reserving freedom of action on this amendment, having spoken on both sides of it.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, may we not agree upon the time of debate? I ask unanimous consent that all debate on this amendment close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama [Mr. STEAGALL]?

Messrs. MURRAY, BUCK, and BARRY objected.

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama [Mr. STEAGALL]?

Mr. KOPPLEMAN. Mr. Chairman, I object.

Mr. RAYBURN. Why does the gentleman object? He has had 10 minutes.

Mr. KOPPLEMAN. I object on another ground. I may withdraw my objection.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent that all debate on the pending amendment close in not to exceed 20 minutes. Is there objection?

Mr. BENNETT. Mr. Chairman, I object.

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 30 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama [Mr. STEAGALL]?

Mr. KOPPLEMAN. Mr. Chairman, reserving the right to object, will the gentleman from Alabama agree to an equal division of the time?

Mr. RAYBURN. That is left in the hands of the Chairman and you cannot take it out of his hands.

Mr. PATMAN. The Chairman will take the names of all who are standing and will divide the time.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama [Mr. STEAGALL]?

There was no objection.

The CHAIRMAN. The gentleman from Texas [Mr. PATMAN] is recognized for 5 minutes.

Permit the Chair to inquire as to the gentlemen seeking recognition on the pending amendment. There is the gentleman from Oklahoma, the gentleman from Georgia, the gentleman from Iowa, the gentleman from Wisconsin, the gentleman from Missouri, the gentleman from Kansas, and the gentleman from Nebraska.

Mr. BUCK. And the gentleman from California.

The CHAIRMAN. Is the gentleman from California seeking recognition on the pending amendment?

Mr. BUCK. I will have to. Will the gentleman from Texas yield to me to answer a question?

Mr. PATMAN. I would like to but I cannot.

The CHAIRMAN. The gentleman from Texas is recognized for 5 minutes.

Mr. PATMAN. Mr. Chairman, this agricultural provision of the bill, it is true, places a restriction upon the right of the Price Administrator to fix ceilings. We believe it is very, very reasonable. In other words, the committee says in this amendment, section 3, that the Price Administrator shall not fix the prices below 110 percent of parity, nor below the market price on October 1, 1941 nor below the average price between 1919 and 1929.

The Brown amendment is the one in issue here. It is claimed that it raises prices unduly. If you will examine the CONGRESSIONAL RECORD, you will discover that the Brown of Georgia amendment affects the 40 major agricultural products in a very small way. It affects wheat approximately 2 cents a bushel; it affects cotton 2.56 cents a pound, and that is all.

The reason for the Brown of Georgia amendment is to equalize some inequalities existing in these other floors. The gentleman from Connecticut a while ago supported the amendment offered by the gentleman from New York to strike out the Brown of Georgia amendment. Why? Because he does not want the average between 1919 and 1929. In truth and in fact, the gentleman represents a tobacco district, one of the finest tobacco districts in all the world. Of all the Members of this House, the one who can support that amendment with the poorest grace is the gentleman from Connecticut.

Mr. KOPPLEMANN. Since the gentleman has mentioned the gentleman from Connecticut, will the gentleman yield?

Mr. PATMAN. I will yield to the gentleman when I am through.

The tobacco parity base was just like cotton, wheat, and all the rest of them,

1909 to 1914. The tobacco growers came in here and said that that price was not high enough and they had the base changed to 1919-28, the same thing the gentleman is objecting to for cotton and wheat and everything else now.

Mr. KOPPLEMANN. That is not so.

Mr. PATMAN. It will be shown that it is so. Then that was not high enough, so they came in and induced the Congress to raise it to the average price of 1934 to 1938. So he has been taken care of in more ways and more substantially as a representative of the tobacco growers than any other one Member of this House.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I will yield as soon as I finish my general statement.

I hope the people who represent the wage earners, who have been working with the representatives of the farmers for years, will permit me to say and believe that this amendment is vital to many representatives of agricultural sections. It will not hurt the general welfare. If the price of cotton were raised, and that is the only item that amounts to anything, it would be raised only 2½ cents.

Mr. BROWN of Georgia. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Not just now.

That will increase the price of a \$2 shirt only 1¼ cents, and that is all.

What does 21½ cents for cotton mean? It means that the man who goes out there in the sunshine and the rain and in the cold of winter, and who does the hardest kind of bending and stooping work that is done upon the farm, from daylight to dark, will receive the enormous sum of 21½ cents per hour for his labor. That is all it means. Representatives who have been the beneficiaries of acts that I and Representatives of other farm districts have helped to pass certainly should not try to deny us the privilege of having a law that would give our farmers this small, insignificant sum of 21½ cents per hour.

Remember, this Congress placed on the statute books the Bacon-Davis Act to help the wage earners of this country. Remember, this Congress, with farm votes, placed upon the statute books the Walsh-Healey Act to help wage earners. And remember that we placed upon the statute books the Fair Labor Standards Act, that guarantees 40 cents an hour, to help the wage earner. Will you now be a party to reducing our farmers below 21½ cents per hour for their labor?

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Iowa [Mr. GILCHRIST].

Mr. GILCHRIST. Mr. Chairman, I have some definite ideas about the bill itself, and may ask recognition later, but I also have some views about the Brown amendment which is before us at this moment.

This amendment does not raise the price of many farm commodities, as has been represented here.

Mr. HOPE. If the gentleman will yield, it does not raise the price of any

commodity. It permits the price to go to a ceiling, but it does not raise the price.

Mr. GILCHRIST. The gentleman is right. It simply permits the ceiling on butterfat to rise about 4 cents a pound. It will permit the Administrator to raise the price of cotton somewhat, about 4 cents, perhaps a little less. I believe potatoes are affected, too, but hardly anything else. So when gentlemen stand on this floor to argue that it will be a great detriment to labor and will raise the cost of living, they are not speaking by the book, because it will do that only slightly to butter and to cotton.

Let us look at the case of butter. Those who produce butter must always take the brunt. Today its rival has been increased in power. The Administrator, Mr. McNutt, has so arranged it that oleomargarine and kindred products, such as butterine, will take the place of butter; so if the dairyman cannot get this small raise as to his butterfat, he will be injured; but the laborer will not be.

Now, as to cotton, there is no reason why I should be standing on this floor trying to defend it, because I am not interested in the production of that commodity, but I do know that a situation has arisen which makes it important to safeguard cotton farmers. I shall ask some of the lady Members to tell me what percales are. I understand they are a great staple in clothing and are manufactured out of cotton. The price of percales has already gone up from about 11 or 12 cents per yard, for which it was selling last spring, and the textile manufacturers under the present condition have raised the price of percales so that the jobbers and dealers cannot get contracts for future deliveries. They cannot buy it. They will not give you a contract on percales, and the price of that cloth will be about 21 or 22 cents a yard next spring.

Miss SUMNER of Illinois. Will the gentleman yield?

Mr. GILCHRIST. I am sorry I cannot yield, but I only have a few minutes.

It seems to me that the cotton and the dairy farmers are entitled to the same consideration that other people are getting. Parity is not doing anything for these people. Furthermore, beef cattle, under parity are \$2 a hundred less than they were on October 1, and on 110 percent of parity they are \$1.90 less. The same thing practically is true as to hogs. Give dairymen some relief along with other farmers.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. MURRAY].

(Mr. MURRAY asked and was given permission to revise and extend his own remarks in the RECORD.)

Mr. MURRAY. Mr. Chairman, if it were not so serious it would surely be entertaining to sit here day after day and listen to the sidewalk farmers of New York and Boston tell how their hearts bleed for our chosen poor and what they are going to do about it. I just want to say to you here today that butter,

during the 10 years you have had control of this House, has averaged only 25½ cents a pound, or less than the 1909 to 1914 average price, to say nothing about parity.

I want to say to my distinguished colleague from Connecticut [Mr. KOPPLEMANN] that it surely takes more nerve that I ever expect to have during the time I may be a Member of this House to stand up here and try to oppose the farmers in some other parts of the United States getting the same benefits already accorded the farmers of my own State. This 44-cents-a-pound ceiling for butterfat does not appear high when he understands that the provision in this amendment that the farmers in his State, Connecticut, have had a 75-cent fixed price per pound on butter for several years. I say that for the reason that I also say to my good friend from New York the Honorable Mr. BARRY, that the time is coming in this country when the man who works in the cotton fields of the South is going to be recognized, and his labor is going to be recognized just as much as if he were running some of the elevators in the skyscrapers of New York City. We have had labor legislation and wage-and-hour legislation. I call your attention to the fact that I was one of the few from the rural districts who voted against the Buck amendment to emasculate the Wages and Hours Act.

If the wage-and-hour legislation is good legislation, it should apply to every kind of labor in the whole United States, and the cotton farmer who goes out in the field and produces a bale of cotton is just as much entitled to labor protection as is the man in the warehouse who may load it onto some freight car for local consumption or some ship to be sent to some foreign port.

So I say to you here today that as far as these agricultural ceilings are concerned, this is all camouflage. It does not mean anything because the present administration has complete control over every major agricultural product in the United States, and I ask anyone to stand on the floor here and deny that statement.

The committee that has had consideration of the bill which is now before us had the wisdom and the privilege of bringing in one of the greatest pieces of agricultural constructive legislation I have seen since I have been here in giving the great bulk of the farmers the privilege to borrow 85 percent of parity on their products. The result has been that today 85 percent of parity is just about the present price of wheat. Why should we worry about wheat as long as we have a billion bushels in this country and 500,000,000 bushels in the warehouses in Canada? So I say with respect to the control of the price of agricultural products today, if there is any consumer who is paying a cent more than he should pay, he can put it in the lap of the present administration. This administration is taking the credit for putting the prices up where they are and they should surely take the credit from the consumer for making them pay what they are paying.

I want to say to my friend over here from Massachusetts, the Honorable Mr. GIFFORD, so he will not think I am partisan, that his salty tears over this 44-cent butterfat ceiling for Iowa, Minnesota, Wisconsin, and other butter farmers, do not make much impression as long as the farmers of his State get a set price of over 75 cents per pound for butterfat, or \$3.23 a hundred for milk in their fixed market, which they have been enjoying all these years. The agricultural question before us today is this: How near the costs of producing agricultural products will the present administration allow farm prices to advance?

Mr. WICKERSHAM. Mr. Chairman, if this amendment is adopted it will mean that we will receive 21 cents for cotton. In the last war it was 42 cents. It will mean we will receive \$1.25 for wheat. In the World War it was \$2.50.

Remember that the committee has not taken the 1914 to 1919 high prices or the war prices. It has endeavored to place a guaranty of 110 percent of parity prices based on the periods set out in this amendment. At this time the farmer is getting 17 cents an hour for his work, and his wife and his children do not get anything for their labors, and may I point out that they are the ones who are wearing the percale, the gingham, and the overalls? They do not have much to eat, but those folks down there are the ones who feed not only themselves but every one of the laborers in both the country and the cities, and I want you to remember that. It is up to the farmers to feed all the people.

A steak that cost you \$1.25 is produced and sold by the farmer for only a dime a pound. I say to the laborers and those of you who represent them here that in the interest of themselves they should try to assist the farmers receive at least the cost of producing their product plus a reasonable profit. To you who speak about saving this \$214,000,000 of parity money may I say that if you will allow the farmer to receive 110 percent of parity, then that will be all right, and you will thereby save the United States Treasury from such a subsidy. It will raise cotton and wheat a little bit.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. WICKERSHAM. Yes.

Mr. BARRY. It has been pointed out to the House that this amendment does not affect the great majority of the farm products, only a few, so is not the conclusion inevitable, that this is a piece of special legislation?

Mr. WICKERSHAM. Let me say that I know what it is to labor. I have labored and worked on the farm, and I think I have picked more cotton, pulled more bolls, and shocked more wheat than any other fellow of my age in this House.

Mr. DONDERO. It is my information that the average daily wage of the farmer in this country is \$1.08 per day—that is not per hour.

Mr. WICKERSHAM. That is correct. The farmers work from sun to sun, but the work of the farmers' wives is never done. The mothers have to do all of the housework, and then take care of a lot of children.

Miss SUMNER of Illinois. The gentleman has made a fine presentation of the farmers' point of view. I would like to add that I hope these prices will necessarily go as high as the figures set out in the amendment, but it should be remembered that we are getting corn from the Argentine and wheat from Canada, and if you will go to New York, down into the proper district, you will find the wharves there loaded with Brazilian cotton.

Mr. WICKERSHAM. I hope you gentlemen, in the interest of the public, will vote for this amendment. The gentleman from Texas [Mr. PATMAN] has been very fair to labor. He spoke in behalf of the laborers, and he now has spoken in behalf of the farmers. I think you laborers ought to give the committee your vote in support of this amendment in the interest of the farmers.

Mr. BENNETT. Mr. Chairman, I have listened with a great deal of interest to the addresses of these gentlemen who shed tears over the plight of the farmers and who apparently know very little about the real farm problems of this country. My colleague from Connecticut complains of a \$15 dinner for one family of seven and says it was high because farm prices have increased so much. If the gentleman will go out to my district I assure him that in any farm neighborhood there he can serve 50 of his friends a better dinner for \$15 than they ever had in the State of Connecticut, and I say that knowing something about that splendid State. However, the price I quote will not cover champagne.

It is not the price received by the farmer that is making the price of food so high in this country. Some men talk very learnedly about farm problems, but, in my humble opinion, some of them have very little, more knowledge of the farm situation than a certain specialist of the Department of Agriculture who was vacationing in the Ozark Mountains of Missouri this past summer. By the way, that is the proper place for a vacation. It is said that this gentleman stopped at a farm home to inquire his way. The farmer was feeding some fine Chester white hogs. The white-collar farmer I am telling you about became interested in those hogs because he apparently had never seen any white hogs before. After asking a few questions he interrogated the farmer with this further question, "I would like to know how many hams you get from hogs of that size?"

Mr. Chairman, the farmer got on today's market in Missouri about 9½ cents per pound for his hogs. But here in Washington on today's retail market the stores are charging sky-high prices for hams. Why, pork chops are even 45 cents per pound. The highest quotation on the Missouri livestock market today was 10 cents per pound for choice grain-fed cattle. Here in Washington the stores today are charging 55 cents per pound for very ordinary sirloin steaks. I live in a city that is the largest primary poultry market in the world. Today the farmers of my district are being paid 15 cents per pound for heavy hens. I just called District Stores, Inc., here in Washington and

I find that heavy hens are being retailed for 38 cents per pound. Number 1 eggs today at Springfield, Mo., are quoted at 34 cents. District Stores here in Washington are today asking 66 cents as against that 34 cents. Choice Missouri butterfat is bringing a top price of 30 cents to the farmer and the grocery stores here sell butter for 49 cents per pound.

I do not know what we can do for the farmer as this bill is written. His help is being taken away to work on defense projects at high wages. He is having a hard time paying off his mortgage at prevailing farm prices. His harness, his binders, his mower, his plows, his clothes, and everything he has to buy is produced by labor that is higher than ever before in history, yet there seems little or no disposition here to regulate some of these other factors. We must indeed do something for the farmer in this crisis, but unless this bill is amended to provide a square deal for agriculture, I shall certainly vote against its passage. I am not with this group that wants to do things to the farmer rather than for him. Give the farmer a square deal. Stop the importation of competitive farm products. Place a floor under his prices. He is as much entitled to minimum wages for his labor and reasonable return on his investment as other citizens. Build farm-to-market roads. The farmer prefers these things to subsidies. Make the farmer secure and prosperous, and all will be prosperous.

[Here the gavel fell.]

The CHAIRMAN. The gentleman from California [Mr. Buck] is recognized for 3½ minutes.

Mr. BUCK. Mr. Chairman, I invite the attention of the chairman of the committee and other members of the committee. I also invite the attention of other men seated on the floor of the House, because I do not believe that this proposed bill covers anything that the gentleman from Iowa or the gentleman from Missouri have in mind.

I call attention to the first portion of section 3:

No ceiling shall be established for any agricultural commodity below (1) the market price equivalent to 110 percent of parity—

Every speaker in favor of the bill has glided over this question of parity and has spoken as if parity were the law. But following—

or a comparable price for such commodity, adjusted for grade, location, and seasonal difficulties, as determined and published by the Secretary of Agriculture.

Now, if that means anything at all it merely means that the Secretary of Agriculture has complete determination of what the prices of agriculture are going to be.

If that language remains in the bill I, for one, am not going to be in a position to support it.

I yield back the balance of my time.

The CHAIRMAN. The gentleman from Kansas [Mr. Hope] is recognized for 3½ minutes.

Mr. HOPE. Mr. Chairman, I believe that some of the opponents of the Brown amendment are laboring under a misapprehension as to just what this bill will do as far as farm prices are concerned.

In the first place, as has already been pointed out, this bill does not in any way fix a floor on farm prices. All it does is to fix a ceiling. I wish I had some assurance that the price of farm products like wheat, dairy products, and cotton would go up to the ceilings permitted in this bill. I do not think there is any likelihood, as long as the present supply and demand situation prevails, that cotton, wheat, or our other agricultural products, of which we have a surplus now, are going to go up to this ceiling or approach it very closely.

Then there is something else in connection with the provision as to the 1919-29 ceiling. That is that it is probably only temporary. On the basis of existing prices and parity levels there are only a few products on which it would apply. The most important are cotton and butterfat. At present a ceiling based on the Brown amendment would be 2.7 cents per pound higher on cotton and 3.6 cents per pound higher on butter than a ceiling based on 110 percent of parity. However, if we should have a rise of any consequence in the general price level this would bring the figures for 110 percent of parity on these commodities up to the 1919-29 level. From that time on the Brown amendment would be ineffective as a ceiling. I can illustrate that by pointing out what has happened to sugar beets. In July of this year the parity price for sugar beets per ton was \$7.32, whereas during the period 1919-29 the average price received by farmers for sugar beets was \$8.34 per ton. Since 110 percent of parity as estimated in July would be only \$8.05, the effective price ceiling would be \$8.34, the average price for the 1919-29 period, or the highest of the three formulas. The parity price of sugar beets, however, has increased since July, and in October was estimated by the Department of Agriculture at \$7.59, 110 percent of which would be \$8.35. Thus the increase in parity price during the 3 months, July to October, now makes the 110 percent price proposal the highest of the three alternatives. What has happened during the last 3 months in the case of one commodity without doubt will happen to many commodities during future months. You will find that is going to be true of cotton and butterfat, no doubt, if we have a general increase in the price level. So at most this ceiling would only prevail during a temporary period.

Mr. BROWN of Georgia. Will the gentleman yield?

Mr. HOPE. I yield.

Mr. BROWN of Georgia. You do not consider the average in 1919 to 1929 as inflationary, do you?

Mr. HOPE. No. As a matter of fact, during the period 1919 to 1929, with the exception of the years 1919 and 1920, the general level of farm commodities was below parity. You will recall that it was during that time the great farm movement for parity prices began. It was during this period that Congress twice passed the McNary-Haugen legislation. And in 1929 we passed the Farm Board bill, all in recognition of the fact that farm prices were below parity; that there was no inflation of farm prices and that

they should be increased as compared with the general level of prices.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. HOPE. I yield.

Mr. BARRY. If the gentleman's contention is true about where farm prices stood in 1919-29, and you have already a provision in the bill providing for 110 percent parity, then there is no need for this amendment, is there?

Mr. HOPE. I think perhaps the gentleman is right, if we have a marked rise in the general price level, because that will bring the parity price of these particular commodities up to the 1919-29 level. I myself have some doubts as to the importance of the Brown amendment, because I think, if we have a general price increase, that ceiling will be wiped out and the 110 percent of parity ceiling will take its place. But temporarily I think it is a good thing to have.

In my opinion, no bill will effectively control inflation which does not put a ceiling on wages and on every other element which makes up the cost of any manufactured article. This bill is fatally defective because it does not put a ceiling on wages. In all fairness it should not put a ceiling on farm prices, which in a large part constitute the wages of the farmer. If we are going to put a ceiling on farm prices, however, it should be a liberal one, and I think that the provisions contained in this bill, including the Brown amendment, are liberal. They should not be disturbed.

[Here the gavel fell.]

The CHAIRMAN. The gentleman from Georgia [Mr. Pace] is recognized for 4 minutes.

Mr. PACE. Mr. Chairman, there is one thing I hope you will never let me do, ask more for myself than I am willing to accord to others. I am at a loss to understand the statement made by the gentleman from Connecticut. Two years ago the gentleman from Virginia [Mr. Flannagan] introduced a bill to change the parity period on tobacco to 1919-29. The gentleman from Connecticut was very much interested in that bill; he supported its passage. I have here a copy of that act fixing the parity period for tobacco at exactly the same period the gentleman from Georgia [Mr. Brown] seeks to fix in this bill for other farm commodities. It is a little beyond my comprehension how the gentleman can oppose the Brown amendment.

I see no need for including agricultural commodities in this bill at all, as we now have ample law to control farm prices and supplies, but if they are included I think the 110-percent provision is unfair. We have put a bottom under farm prices at 85 percent of parity, through the method of a loan which is authorized for both basic and nonbasic commodities. It seems to me if the Congress is going to maintain a bottom 15 percent below parity that you should at least accord the producers of this Nation, those who produce the food and the fiber not only needed to feed ourselves and our own people, but those in all parts of the world who are resisting the aggressors, if you are going to place the bottom 15 percent below parity, it seems to me only fair

you should fix the ceiling 15 percent above parity. The Brown amendment does not do that entirely, but it does contribute in a substantial way toward an equalization of the 110-percent provision.

The gentleman from New York stated that the Brown amendment raised the majority of farm commodities. I have here the official figures furnished me yesterday by the Office of Price Administration. The 110-percent figure on wheat is \$1.34 a bushel; under the Brown amendment it would be \$1.32. So it would not permit the price of wheat to go even as high as 110 percent. The 110-percent figure for corn is 97 cents; under the Brown amendment it would be only 85 cents. On oats the 110-percent figure would be 60 cents; under the Brown amendment it would be only 47 cents a bushel. On barley, under the 110-percent figure, the price would be 93 cents a bushel; under the Brown amendment it would be only 69 cents. Rye would be \$1.09 a bushel under the 110-percent figure; under the Brown amendment it would be 97 cents; and so on down through the list. I have here that entire list. There were about 30 items listed. Probably 25 or 26 of them are as much or more under the 110-percent provision than under the Brown amendment.

Now, here is the situation about one particular item, and I am sure the gentleman from Georgia is interested in this item. As you know the parity base period is 1909 to 1914. In 1909 cottonseed was used as a cheap form of fertilizer. It was not realized and appreciated then that the real value of cottonseed lay in the oil that is crushed out of it, like the oil from the soy bean. In 1909 the principal use of cottonseed was as a cheap fertilizer. Consequently when parity for cottonseed is fixed it is at a price when it was used as a cheap fertilizer, something for which it is never used today. Today it is crushed for oil, just like the soy bean and the peanut. The Price Administrator has recognized that \$30 per ton for cottonseed is utterly unfair. Cottonseed are now selling for about \$60 a ton. Under this amendment it would adjust that figure by fixing the minimum ceiling price of cottonseed at \$50—less than it is bringing today. For the life of me I cannot see how objection can be made to the amendment of the gentleman from Georgia [Mr. Brown] and I ask that the amendment of the gentleman from New York be defeated.

The CHAIRMAN. Does the gentleman from Nebraska [Mr. Curtis] desire recognition?

Mr. CURTIS. No.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was rejected.

The CHAIRMAN. Does the gentleman from Connecticut [Mr. Koppelman] desire to offer his amendment?

Mr. KOPPLEMANN. Mr. Chairman, I withdraw it.

The CHAIRMAN. The gentleman from Nebraska [Mr. Stefan] has offered an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. STEFAN: On page 7, line 21, strike out the period, insert a semicolon, and add: "nor for less than the average cost of production plus a fair profit."

Mr. STEAGALL. Mr. Chairman, I reserve a point of order against the amendment.

The CHAIRMAN. The gentleman from Alabama reserves a point of order against the amendment.

The gentleman from Nebraska is recognized for 5 minutes in support of his amendment.

Mr. STEFAN. Mr. Chairman, the legislation we are considering and debating here today known as H. R. 5990 has as its objective the checking of speculative and excessive price rises, price dislocations, and inflationary tendencies—and for other purposes. The Committee on Banking and Currency has been holding hearings for many, many weeks. We have copies of those hearings which contain over 2,000 pages. Many of us have attended those hearings in order to be better acquainted with what we are about to do. We have heard great economists and we have learned that many of them do not agree on this bill. Some of the committee members and some of the economists have agreed that this legislation will not stop inflation and that other similar legislation will have to be passed by this Congress. We are told that some over-all legislation may have to be passed to include all manner of things. We realize suddenly that we are beginning a program of control far beyond the imagination of most American people.

In my opinion this legislation is the most important that we have had to consider. It will put machinery into motion which will create an administrator who will have the economic and social destinies of all of our people in his power. It may be that our country has now found itself in the period of these grave times that something like this must be done.

So to my mind this may be the presentation of the first piecemeal legislation toward something more serious to come. I hope we can include safeguards in this legislation so that when the emergency is over that the people can recapture some of the control their representatives are turning over to individuals. I want something in these piecemeal bills which will help solve the economic war which is bound to come during the postwar period. But at this time I rise to offer an amendment to help that class of people who seem to be the target of some attacks here. I refer to the American farmer.

My district in Nebraska is a purely farming district, Mr. Chairman, and I feel that I know the problem of the farmer because it has been my privilege to have lived in Nebraska for over 56 years. I have endeavored to concentrate in this great legislative body on legislation which in my opinion would help the farmer because the people in my district know that unless the farm problem is not settled

we will not have prosperity and that the industrial sections of our country will not prosper.

Our farmers are thankful that prices are better and that we have passed some helpful laws. They know that these prices are artificial now and that something must be done here to safeguard their interests when normal times return to us again. So I am offering what I feel is not only a helpful and constructive amendment but one which I believe will go a long way toward solving a problem which may be of vast benefit to the entire Nation, now and also in the future.

Mr. Chairman, the amendment I offer is a very understandable one, and there should be no objection to it. I doubt if any one of you here today feels that the farmers—the producers of our food, food which is our first line of defense in these grave times—should work for less than cost of producing that food. You have agreed with me in this debate that the farmer should be given the same equality that is given to industry, business, and labor. Then there should be no objection to my amendment that he be assured the cost of producing the food and the commodities he produces. I earnestly urge you to turn to page 7 of this bill and read section 3 (a) under the head of "Agriculture commodities." This sets up a formula. In fact, it contains three formulas under which the Administrator can work. It sets up three formulas with regard to ceilings on agricultural products. I offer you a fourth formula. It is just another formula which the Administrator can explore, and which I feel can be just as easily administered with the guidance of the Secretary of Agriculture. My amendment does not tear down anything in this section dealing with agriculture. It merely adds another formula which you have time and again agreed the farmer is entitled to.

There is no complaint, so far as I have learned, regarding the consumers regarding my formula. I know of no consumer who will complain when the producer of his food gets at least the average cost of producing that food. I for one feel that the farmer is entitled not only to the cost of producing the food we eat, but that he is also entitled to a profit. Our consumers know, especially those in our farming communities, that if the farmer could get the cost of production plus some profit, times would be good most of the time in our towns and cities, because the farmers are our best customers. They are the lifeblood of these communities, and when they do not prosper, the laboring, business, and professional people do not prosper. In some parts of my district I can show you many towns—and some of them were once busy, thriving communities—which have been almost deserted because the farmers in their localities were not prosperous. Of course, the drought and depression had much to do with that; but if these farmers were receiving cost of production plus a little profit, these conditions would not have existed, in my opinion.

We have laws today which fix the rates on returns of investment for utilities.

We have labor laws which protect the workers. Big business and small business works on a cost-and-profit basis. If they cannot make a profit, they quit. But the farmer seems to be set apart as something entirely different in our economic structure. Yet he is a combination of everything that fits into that economic structure. He is a common laborer. He is a skilled mechanic. He is a businessman. He is a manufacturer. He is the pilot of the greatest factory of our land—the industry of originating and producing the thing that keeps us alive—food to sustain life and clothing to keep us warm. Yet in the entire economic picture of profits and costs, the farmer is very obscure. To put the farmer on an equality with industry, labor, and business, I feel one approach is the philosophy of the cost of production. I hope the Members of this House will vote to adopt this amendment.

Remember that this amendment tears nothing down in this section. It merely adds one more helpful formula with which I know many of you are familiar as a result of our many studies and conferences on a cost-of-production bill which was once introduced by one of our late colleagues. You say you believe the farmer is entitled to at least the cost of production. Now you have a chance to aid him in getting it by voting for my amendment. By voting for this amendment you let the Administrator know that you would like him to explore this cost-of-production idea so that we can once and for all time put the farmer on an equality with labor, business, and industry.

Mr. DONDERO. Will the gentleman yield for a question?

Mr. STEFAN. I yield to the gentleman from Michigan.

Mr. DONDERO. What connection does the gentleman see between section 3 in this bill and the granting by this Government of a billion-dollar subsidy for farm products every year?

Mr. STEFAN. The gentleman knows I was very much interested, and am still interested, in securing appropriations for parity prices, and I know what he has in mind. You give the farmer the average cost of production and a little profit, I may say to the gentleman from Michigan, and he will not ask you for any subsidy. The idea of adding a fourth formula in this bill should not meet with any objection. You have three formulas now. Give the Secretary of Agriculture and the Administrator the opportunity to explore cost of production, to which you all seem to agree the farmer is entitled.

Mr. H. CARL ANDERSEN. Will the gentleman yield?

Mr. STEFAN. I yield to the gentleman from Minnesota.

Mr. H. CARL ANDERSEN. In other words, all that the gentleman from Nebraska is asking is the same for the farmer that the Government, through innumerable defense contracts, has given to big industry? I feel that this amendment would give the farmer a square deal.

As a farmer myself, I am much pleased to second this amendment suggested by a real friend of agriculture.

Mr. STEFAN. There is no question about that, and I thank the gentleman for his contribution. We are giving cost of production and profits to big business and we are doing that by law. We have laws on our statute books protecting labor and helping utilities and big industry. Now, why not put something on the statute books so that the Secretary of Agriculture and the Administrator can explore cost of production and real equality for the farmer?

Mr. MURRAY. Will the gentleman yield?

Mr. STEFAN. I yield to the gentleman from Wisconsin.

Mr. MURRAY. The gentleman has the average in there?

Mr. STEFAN. Yes; the average cost of production.

Mr. MURRAY. Is not the gentleman sure it is just as easy to figure cost of production as it is to figure parity?

Mr. STEFAN. Economists say so. If you can figure parity, why cannot costs be figured?

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I withdraw my reservation of a point of order.

Mr. HULL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I heartily favor the amendment offered by the gentleman from Nebraska. I can see no good reason why it should not be adopted.

We have here a bill which expressly provides for certain methods that the Price Control Administrator must take into consideration as to fixing prices on all industrial products. One essential is that he shall not fix a price upon manufactured commodities, in particular, below the cost of production. That includes all the various costs which enter into the many products which are being made in the various industries of this country.

This bill, however, does not fix any floor of that kind for agriculture. It does not provide that the farmer shall have his cost of production. The bill naturally assumes that the cost of production in the industries of this country shall include a wage scale based upon a 40-hour week, for instance; that there shall be a minimum wage, and the factory workers shall have the benefit of all the other laws which have been passed here in the last 20 or 25 years for the benefit of labor. But there is nothing of that kind in this measure for agriculture.

The adoption of the amendment offered by the gentleman from Nebraska [Mr. STEFAN] will not put a floor under the prices of agricultural products, as is provided for industrial products. That floor ought to be there, and there ought to be something in this measure at least to say that the farmer shall receive fair remuneration for the expanded production which has been demanded of him. There ought to be something in this bill to guarantee the prices of farm products beyond the next year. At present there are a few prices guaranteed by the Secretary of Agriculture; on some products

there is a floor all too low under certain products for 1942. After 1942 no farmer in this country knows just exactly where that floor will be. It ought to be fixed now.

Therefore I hope the House will vote favorably on this amendment, and not try to pass a bill here which will set one standard for agriculture and a far better standard for industry.

Much has been said about the increased returns to agriculture in recent years.

A statement has been issued by the Department of Commerce to the effect that in the year 1940 the corporation dividends in this country amounted to only \$500,000,000 less than the entire net cash income of all the 6,000,000 farms of this country. Then a statement for this year shows that the dividends of corporations will run about 40 percent higher than in 1940. In other words, for 1941 we shall have the profits of industry in the form of dividends in an amount greater than the entire cash returns of all the 23 percent of our population living on the farms of our country.

I am not in favor of this bill in its present form. I do not know that I shall be in favor of it even if this amendment is adopted. It does not seem to me that any measure which would restrict agriculture, which would try to hold the farm wage earner down to the levels at which he has been for the last 10 or 15 years, is either fair to agriculture or fair to the country. But I do think that something ought to be done here to recognize what agriculture is doing for this country in providing not only the foodstuffs for our people and the fibers for our industries but also materials to be furnished under our lend-lease program to many other people in Europe.

Mr. Chairman, I hope the amendment will be adopted.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. GEHRMANN. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I am certainly very glad that the gentleman from Nebraska has introduced this amendment. It would give the farmer the same as the laborer has by the floor under wages as much as it costs the average farmer to produce. Certainly that principle is recognized in every business. No business, large or small, can exist very long unless it gets at least what it costs it to produce.

It is well known how to figure out the formula for the average cost of production. The Department of Agriculture has had that formula for years and every college of agriculture has it. This does not mean that each individual farmer will get what it costs him to produce a pound of butterfat or a bale of cotton or a bushel of wheat. It means the average cost all over the United States. The farmer who cannot produce at that

average cost will simply have to improve his methods or fall by the wayside.

What I wanted to talk about mainly is that I am very much surprised that certain labor leaders from industrial centers have sent telegrams to all of us—I am sure every one of you has received them—urging us to adopt a bill that would stop any advance in farm prices or in the cost of living but not touch wages.

I was sent here by labor and have always supported labor, and I am going to continue to support it. Personally I am a farmer and have always lived on a farm. I was sent to the legislature by labor and have had labor's support all the time. My record for labor has been 100 percent. They have always supported me. It was mainly labor that got me to run for Congress, and I have supported them, and will continue to support them. I am against any attempt to curtail or put a ceiling on wages, and I have so voted today. I do not believe it to be fair.

On the other hand, I do not believe it is fair of some of the labor leaders in the large industrial centers to urge us to put a ceiling on what the farmer can get and not put a ceiling on their own labor. I hardly think that is fair, but I do not believe they understand the farmer's problem. That is the reason they write us and wire us. They think when they pay 50 cents a pound for butter, that the farmer gets that amount; but the fact is that the farmer gets only 33 or 34 cents a pound, and there is probably the least spread in the price of butter of any commodity.

The same is true of other commodities; they do not know how much the farmer gets. I just checked back in the statistical part of the Agricultural Year Book and found a table there that shows that the farmer's share of the consumer's dollar is constantly getting smaller and smaller. It shows that today on 58 commodities the farmer gets less than 39 cents out of the dollar the consumer pays. You must take into consideration the fact that that figure covers the whole United States, and it includes the farmer's own products consumed on the farm. Naturally, in the larger centers, where the cost of doing business is much greater, I doubt whether the farmer gets more than 25 cents out of the dollar that you people in New York City or Philadelphia or Pittsburgh pay to the retailer.

I do not blame the housewives. When they pay out their dollars for groceries, they evidently believe that the farmer must get at least 90 cents of it. There is something wrong in the method of doing business. Do not blame the farmer for it. Find out what is wrong. Either too many services are demanded by the consumer or too many people get a profit from that dollar, or both.

Mr. CASEY of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. GEHRMANN. I yield to the gentleman from Massachusetts.

Mr. CASEY of Massachusetts. I am very much interested in what the gentleman has to say about the spread between what the farmer gets and what the consumer pays. On June 27, last, I intro-

duced a resolution seeking to have a congressional committee appointed to investigate the spread in prices. I find that only five Republicans supported that resolution, and I do not find the gentleman's name among them, although now he favors something being done about that spread.

Mr. GEHRMANN. I do not know about his resolution. I certainly would favor that because I have always advocated that, and I certainly will support it if it is an honest attempt to find out the reason for this spread.

Mr. H. CARL ANDERSEN. Mr. Chairman, will the gentleman yield?

Mr. GEHRMANN. I yield to the gentleman.

Mr. H. CARL ANDERSEN. The gentleman well remembers, as I do, back in the 1920's during certain periods when at times there was a splurge in the price of certain products and day labor on the farm was getting \$5 or \$6 a day during harvest. I remember that, and I believe this particular amendment will give the Price Administrator the right to make adjustments to take care of just such happenings.

Mr. GEHRMANN. Absolutely; I agree with the gentleman.

Mr. WICKERSHAM. Mr. Chairman, will the gentleman yield?

Mr. GEHRMANN. I yield.

Mr. WICKERSHAM. It is also a fact that the farmer does not receive any benefits through social security or unemployment-compensation insurance.

Mr. GEHRMANN. No; and the main thing is that the farmer does not earn, or attempt to earn, his living by only the head of the family working like everybody else in industry. The farmer's whole family is bound to work in order to exist; does labor insist that we must continue to make slaves out of the farmer's family?

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nebraska [Mr. STEFAN].

The question was taken; and on a division (demanded by Mr. PATMAN) there were—ayes 71, noes 62.

Mr. STEAGALL. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers Mr. Boggs and Mr. STEFAN.

The Committee again divided, and the tellers reported that there were—ayes 82, noes 93.

So the amendment was rejected.

Mr. BUCK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BUCK: On page 8, line 1, strike out the word "basic", and on page 8, line 2, after the word "tobacco", insert "grapes."

Mr. BUCK. Mr. Chairman, this is a very simple amendment, and I shall not use the entire 5 minutes to explain it. The commodity of grapes is not treated fairly under this bill. The period which is set out in section 3 (a), (b), and (c), does not deal rightly by the producers of that agricultural commodity. Most grapes are used for wine purposes. If

they are not, they must be devoted mostly to use on the table and thereby depress the market. During a large portion of the time between 1919 and 1933 wine making was prohibited by the laws of the United States. Therefore there is no such thing as parity or 110 percent of parity or a comparable price for this commodity. There is no way to measure the standards and do justice to the grape grower.

May I add that wine itself is a pure agricultural commodity. There is not added to the product of the grape one single barrel of water or anything else, and the one who is going to have to stand all the loss and all the depression is going to be the grape grower himself.

I sincerely hope that the committee, in all fairness to the grape growers, situated not only in California but in Ohio, New York, New Jersey, Missouri, and elsewhere, will accept this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. BUCK].

The amendment was rejected.

Mr. HOOK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have sat here intently listening to the discussion on this bill. I have sat for practically 7 years in the Committee on Agriculture of this House and have listened to the plight of the farmers. I have listened to the arguments that were put forth in the interest of giving the farmer a fair price for his product; and when men stand on the floor of the House claiming to represent labor, claiming to represent industrial sections, and then speak against legislation in the interest of the farmer, I cannot understand it. If they sat on that committee and listened to stories about the plight of the farmer in the southeastern section of this Nation right today, they would learn that certain farmers in that section this season produced less than 5 percent of their actual crop. This was because of the elements, drought and deluge. Yes; not only in the States of the Carolinas and Georgia and some of the other Southern States, but in the great State of New York, and then to talk about bringing farm products down below parity to me is not understandable. It is not a question of how much or what the actual price is today or tomorrow, but the question is, When do they have failures and when do they have good years? Yes; I remember the days when the farmer representatives came before our committee in the days of the great drought, where there was practically a 100-percent failure of crops. We should hark back to those days and not crucify the farmer on the cross of inflation by allowing the speculator to kite prices in the name of the farmer.

Let us give the farmer of this Nation a chance at least to equalize his prices so that he may get average parity instead of thinking just about parity for today or perhaps tomorrow. I think it is about time that the labor representatives and the farm groups of this House joined together instead of fighting one another. I think it is about time they joined together to fight the profiteer. Also those dollar-a-year men who are handling the

defense program that is getting out of line. I think that is the big issue. I find that our national-defense program has soared \$2,090,000,000 above the estimate of what they anticipated, in the last 17 months, and that is for armament alone.

Army, Navy, and Maritime Commission, lease-lend, and other agencies in defense spending agree that defense costs have increased, 10, 15, or 25 percent because of increasing prices. This represents lost money, for which no guns, tanks, or ships will be received. Where are all you great patriots who cry "I voted for all appropriations for defense"? What good will your vote be if this keeps up? This bill must pass in the interest of America.

The laborer did not get that \$2,090,000,000 but the profiteer and manipulator did. His wages increased very little. The farmer did not get the money, it does not represent farm commodities. Therefore I say that it is about time that our labor groups and our agricultural groups join hands to determine what is happening down here in the O. P. M., what is happening in the Ordnance Department, and why it is that our national-defense program has absorbed \$2,090,000,000 above the estimates. Where did that money go? The people want to know. What could be done with that money? Each soldier, sailor, and marine now in service could be paid \$200 per month for a whole year. Yet there are those who even oppose giving him free railroad fare to go home for Christmas. We appropriate money for our national-defense program. Do you stop to realize that when that estimate is raised by \$2,090,000,000 more than it should have been that they have taken away \$2,090,000,000 that should be used for the purpose of armament and for the defense of this Nation? I think it is about time that we watched some of these departments that have been going wild in purchasing matters, instead of our fighting among ourselves. Let us stop inflation. Do not play politics. You Republicans should not vote against it because it is an administration measure.

Mr. CREAL. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. CREAL: Page 7, line 19, after the figures "1941", add the following words: "but as to tobacco the date considered shall be December 15, 1941."

Mr. CREAL. I rise to call attention to what I think is an unintentional discrimination; what appears to be an oversight. I do not think anyone who will give me attention for 3 or 4 minutes but would say that is an oversight and not intentional discrimination. There are three prohibitions in here. Do not put a ceiling under 110-percent parity; also the prevailing market price on October 1, 1941, must not be lowered. Very well. Suppose this bill becomes law and Mr. Administrator says, "I must not go below a certain figure, and I must know about this on October 1, 1941." What was the price of burley tobacco on October 1, 1941? At that time 8 months had elapsed since any was sold. You would

have to go back to October 1940. If you will look at your newspapers, you will find that every other commodity has a market price on October 1, 1941. Tobacco is not being sold in futures or otherwise. None has been sold since last year's crop. The first crop was sold in my State day before yesterday, and many of the markets do not open until December 1. So you see it is just the same as if the bill read that it shall be the prevailing price of all commodities on the 1st of October 1941, except tobacco, and you must go back to 1940 for that. In order to get the price, you must get the price as of December 1, and then you will see what the 1941 price is. Suppose the bill should go into effect right now. There is no October tobacco price for 1941.

Mr. BARDEN. Mr. Chairman, will the gentleman yield?

Mr. CREAL. Yes.

Mr. BARDEN. Is there not some confusion in the gentleman's mind with reference to the different types of tobacco?

Mr. CREAL. You have got one or two types of tobacco that are sold at an earlier market, and as for the burley market, of which Kentucky and Tennessee produce 72 percent, not a single, solitary market is open at that time; and in the entire State of Kentucky the first market opened was the day before yesterday, and the others open in December. Surely you are not going to make that rank discrimination against the burley tobacco, are you?

Mr. BARDEN. Mr. Chairman, will the gentleman yield?

Mr. CREAL. I would like to ask one gentleman on the committee, the gentleman from Kentucky [Mr. SPENCE].

Mr. KERR. The gentleman's amendment refers only to burley tobacco.

Mr. CREAL. We have no burley-tobacco market as of October 1, 1941; none at all.

Now, Mr. Chairman, I ask unanimous consent to amend the amendment by adding the word "burley" before the word "tobacco."

The CHAIRMAN. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. CREAL. I yield.

Mr. SPENCE. I realize the logic of the statement of the gentleman that there is no tobacco market on October 1. I think if you are going to give tobacco the same privilege that you are giving other products, you will have to go back to last year.

[Here the gavel fell.]

Mr. HAINES. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended 1 minute.

The CHAIRMAN. Is there objection? There was no objection.

Mr. HAINES. Will the gentleman yield?

Mr. CREAL. I yield.

Mr. HAINES. What the gentleman says about tobacco and adding the word "burley" eliminates the cigar leaf types of tobacco, does it not?

Mr. CREAL. No.

Mr. HAINES. We are in the same fix that you are complaining about.

Mr. CREAL. You have no market on October 1?

Mr. HAINES. No; not now. I am in entire accord with the gentleman's proposal, but I do not want the cigar leaf types of tobacco stricken out.

Mr. CREAL. Now, the gentleman who interrupted me a moment ago—

Mr. PACE. Mr. Chairman, will the gentleman yield?

Mr. CREAL. I yield.

Mr. PACE. What are you going to do about my tobacco that is sold in July and the market closes in August?

Mr. CREAL. Well, you have got a market price for October 1 for tobacco grown in 1941—

Mr. PACE. When the market closes in August?

Mr. CREAL. We go away back to February or December the year before, which is the tobacco grown in 1940. That would be your standard—October 1940. We know the 1941 price will be higher than in 1940 and want 1941 burley tobacco prices considered instead of 1940.

[Here the gavel fell.]

The CHAIRMAN. Without objection, the amendment as amended will be read by the Clerk.

There was no objection, and the Clerk read as follows:

Amendment offered by Mr. CREAL: On page 7, line 19, after "1941", add the following: "but as to burley tobacco the date considered shall be December 15, 1941."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky.

The question was taken; and on a division (demanded by Mr. CREAL) there were—ayes 22, noes 61.

So the amendment was rejected.

Mr. DIRKSEN. Mr. Chairman, I offer an amendment, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. DIRKSEN: Page 8, after line 16, insert a new section, to be designated as section 4:

"SEC. 4. To further effectuate the purposes of this act sections 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, and 13 of the Silver Purchase Act of 1934 (U. S. Stat. L., vol. 48, pt. 1, p. 1178), are hereby repealed. The stamp tax imposed by subdivision 10, schedule A, title VIII, of the Revenue Act of 1926, as amended, pursuant to section 8 of the Silver Purchase Act of 1934, shall not apply to transfers taking place after the date of the enactment of this act."

Mr. STEAGALL. Mr. Chairman, I make the point of order against the amendment that it is not germane.

Mr. DIRKSEN. Will the gentleman reserve his point of order for 5 minutes?

Mr. STEAGALL. Oh, certainly.

Mr. DIRKSEN. Mr. Chairman, on this rather somber afternoon in an hour of sober reflection, let me tell the House a little story. On one of the well-traveled earthen country roads in the heart of Illinois is a mudhole where motorists get stuck. Convenient to that mudhole was a man with a team and his little boy to pull out every car that got stuck in the water hole. Ordinarily the motorist would complain about the fact that he had to pay \$3 to get out of that hole, but on one occasion a chap was pulled

out and he indicated a desire to stick around and visit. He said to the man with the team, "Do a lot of folks get stuck in that mudhole?" "Oh, yes; quite a few." "I suppose you make a lot of money pulling them out?" "Oh, we do all right. We pull out 18 or 20 a day and charge them \$3 apiece." "Do you pull people out of that mudhole at night also?" The man with the team said, "No. My boy and I are busy at night filling up that mudhole with water."

I wonder why we are wasting our time on a price-control bill unless we plug up the source of inflation. I wonder why we are trying to bail out the water hole of inflation and then let it run full again every 24 hours. For instance, under the Silver Purchase Act of 1934, according to the testimony of the Secretary of the Treasury before the Appropriations Committee, we have bought nearly two and one-half billion dollars' worth of silver. Think of it!

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I am sorry.

Mr. WHITE. So am I.

Mr. DIRKSEN. We have invested \$1,300,000,000 in silver. Almost \$1,000,000,000 of it is foreign silver. The Secretary has to issue silver certificates against all the silver that we buy. That is a congressional mandate.

I am not alone in opposition to the Silver Purchase Act of 1934. On the last day of 1940, on New Year's eve, the Federal Reserve sent to the White House a message to deal with inflation, and one of the seven items they recommended was the repeal of the Silver Purchase Act of 1934. One hundred and fifty leading financial economists of the country say that that ought to be No. 1 on the repeal agenda. The Secretary of the Treasury appeared before the Appropriations Committee in March and April and said this business of subsidizing silver should stop. It is the most inflationary thing in the whole legislative category today. Yet today we are fussing around for price control and rent control, and the back door is open because the Secretary of the Treasury is still buying silver. He can still issue silver certificates, and that inflationary tendency is still operative today. It is high time, if we are going to bail out the water hole of inflation, that we stop the Treasury from filling the hole up at night.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. WOLCOTT. I presume the gentleman would consider that same statement to apply equally to the purchase of gold and the devaluing of the gold content of the dollar.

Mr. DIRKSEN. That is correct.

Mr. WOLCOTT. And the use of Government bonds as security for the issuance of Federal Reserve notes.

Mr. DIRKSEN. Exactly so. All this amendment does is to repeal the Silver Purchase Act of 1934 and stop overinflation of our monetary system and give the present act under which we are working a chance to work.

[Here the gavel fell.]

The CHAIRMAN. Does the gentleman from Alabama insist on his point of order?

Mr. STEAGALL. I make the point of order, Mr. Chairman.

The CHAIRMAN. The gentleman from Alabama makes a point of order against the amendment offered by the gentleman from Illinois on the ground that it covers a subject matter clearly coming within the jurisdiction of another standing committee of the House. The Chair is of opinion that the amendment is subject to this point of order and therefore sustains the point of order.

Mr. DIRKSEN. Mr. Chairman, I offer another amendment.

The Clerk read as follows:

Amendment offered by Mr. DIRKSEN: On page 8, after line 16, insert a new section as follows:

"To further effectuate the purposes of this act, subsection (2) of subsection (b) of section 43 of the Agricultural Adjustment and Emergency Farm Credit Act approved May 12, 1933, is hereby repealed."

Mr. STEAGALL. Mr. Chairman, I make a point of order against the amendment.

Mr. DIRKSEN. Mr. Chairman, will not the gentleman withhold his point of order to permit me to explain my amendment?

Mr. STEAGALL. Mr. Chairman, I reserve the point of order against the amendment.

The CHAIRMAN. The gentleman from Alabama reserves the point of order against the amendment.

The gentleman from Illinois is recognized for 5 minutes.

Mr. DIRKSEN. Mr. Chairman, back in 1929 in France there was a very well-known general who was minister of war. His name was André Maginot. He is the gentleman who was the impetus for the so-called Maginot line extending from the Swiss border to the North Sea. While the Maginot line did keep out frontal assault from the eastern side, the trouble was that the Nazis flanked the Maginot line, came around each end, and came in from behind the line, and it went down.

Why fool around about price inflation when it is so easy by virtue of the devaluation power still in existing law to sneak around the Maginot barricade of price control? And that is exactly what we are doing today. Back in those ancient and felicitous days before 1933 the dollar used to contain 23.22 grains of gold. Then came the Gold Devaluation Act of 1933 or 1934. What happened? We squeezed out 9.51 grains from the gold content of the dollar. When you squeeze that much gold out of the dollar, the dollar becomes cheaper and it takes more cheap dollars to buy the same amount of merchandise, which is just another way of saying that prices go up.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. In just a moment. I ask the gentleman to wait until I have completed my thought on this line.

The President can devalue up to 50 percent. There still remain 2.10 grains that he can squeeze out of the gold dollar. Suppose he does it. We have \$22,000,000,000 worth of gold now in the country.

When you squeeze out another 2.10 grains from the dollar on this amount, you create another \$4,000,000,000, and so \$26,000,000,000 in gold will grow where \$22,000,000,000 now exists. The temptation under the impetus of a tremendous national debt and huge expenditures of the Congress and the administration gives some impulse toward squeezing out the remaining 2.10 grains, giving a profit of a little over \$4,000,000,000, and using that either to pay off part of the national debt or to take care of further expenditures.

Why have a Maginot line of price control when through existing law that we put on the books in 1933 you can still sneak behind and destroy that line and add to the inflationary tendency that is abroad in the country? If you are going to do a job, why not do it and make a complete job of it? The Federal Reserve Board is for its repeal, the economists are for its repeal, and, may I say with all modesty, I am for its repeal.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from New York.

Mr. FITZPATRICK. What is the purchasing power of the dollar today compared with what it was in 1928 or 1929?

Mr. DIRKSEN. Oh, I may say to my friend from New York, we are not dealing with purchasing power now. I am talking about the Maginot line and inflation.

Mr. FITZPATRICK. Is it not true that the measure of a dollar's value is its purchasing power?

Mr. DIRKSEN. That may be true, and again it may not. It is irrelevant to this discussion.

Mr. HINSHAW. Can the gentleman think of anything more useless at the present time than the mining of gold?

Mr. DIRKSEN. Very few things.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. CRAWFORD. I wish to say that the gentleman has pointed out serious defects in this bill. He has pointed out that what we are doing is following a program of bank finance instead of a program of savings and investment. If that is to be the program, inflation is inevitable, and this program will carry us right straight to the ultimate end of inflation. Until we correct that we have not corrected the trouble.

Mr. DIRKSEN. Let me observe that inflation is just as much a result of the distrust of our monetary policies as anything else. We are indulging in a futile effort in this bill unless we are going to take further steps to repeal the Silver Purchase Act and repeal the other inflationary authority that is contained in existing law.

Mr. WHITE. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I now yield to my silver authority from the great open spaces.

Mr. WHITE. The gentleman talks about inflation; he talks about a system whereby the Federal Reserve System credits the Government with a billion dollars on the books and accepts a bil-

lion dollars in bonds, then pays back on the honor of the Government check. We are paying interest on \$50,000,000,000.

Mr. DIRKSEN. That does not make any difference. We are not talking about that. I am talking about the inflationary authority in the law.

Mr. WHITE. We have not \$2,000,000,000 of silver in circulation, some of which the gentleman fondly handles in his pocket. What has become of the \$50,000,000,000 that we pay interest on? Where did it come from and where is it?

Mr. DIRKSEN. It has gone out into thin air.

Mr. KNUTSON. What has become of the new dealers?

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I insist on my point of order.

The CHAIRMAN (Mr. COOPER.) The gentleman from Alabama [Mr. STEAGALL] makes a point of order against the amendment offered by the gentleman from Illinois [Mr. DIRKSEN] for the same reasons stated with respect to the last amendment.

This amendment is clearly subject to a point of order, therefore the Chair sustains the point of order.

Mr. STEAGALL. Mr. Chairman, on page 8, line 2, after the word "tobacco", I want to add the word "peanuts." In defining the basic commodities in the act, we only named the five basic commodities, but recently peanuts have been added to the basic commodities by specific act, putting them in the same category as the other five. I therefore ask unanimous consent that this correction may be made.

The CHAIRMAN. The gentleman asks unanimous consent to include the word "peanuts" after the word "tobacco" at the place indicated. Is there objection to the request of the gentleman from Alabama [Mr. STEAGALL]?

There was no objection.

The Clerk read as follows:

PROHIBITIONS

SEC. 4. (a) It shall be unlawful, regardless of any agreement, lease, or other obligation heretofore or hereafter entered into, for any person to sell or deliver any commodity, to demand or receive any rent, or otherwise to do or omit to do any act, in violation of any regulation or order under section 2, or any regulation, order, or requirement under section 202, or to offer, solicit, attempt, or agree to do any of the foregoing.

(b) It shall be unlawful for any person to remove or attempt to remove from any defense-area housing accommodations the tenant or occupant thereof or to refuse to renew the lease or agreement for the use of such accommodations, because such tenant or occupant has taken, or proposes to take, action authorized or required by this act or any regulation, order, or requirement thereunder.

(c) It shall be unlawful for any officer or employee of the Government, or for any adviser or consultant to the Administrator in his official capacity, to disclose, otherwise than in the course of official duty, any information obtained under this act, or to use any such information for personal benefit.

(d) Nothing in this act shall be construed to require any person to sell any commodity or to offer any accommodations for rent.

TITLE II—ADMINISTRATION AND ENFORCEMENT

ADMINISTRATION

SEC. 201. (a) There is hereby created an Office of Price Control, which shall be under

the direction of a Price Administrator (In this act called the Administrator). The Administrator shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of \$10,000 per annum.

(b) The Administrator may, subject to the civil-service laws, appoint such employees as he deems necessary in order to carry out his functions and duties under this act, and shall fix their compensation in accordance with the Classification Act of 1923, as amended. The Administrator may utilize the services of Federal, State, and local agencies and may establish and utilize such regional, local, or other agencies, and utilize such voluntary and uncompensated services, as may from time to time be needed. Attorneys appointed under this section may appear for and represent the Administrator in any case in any court. In the appointment, selection, classification, and promotion of officers and employees of the Office of Price Control, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency.

(c) The principal office of the Administrator shall be in the District of Columbia, but he or any duly authorized representative may exercise any or all of his powers in any place.

(d) The Administrator shall have authority to make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere; for lawbooks and books of reference; and for paper, printing, and binding) as he may deem necessary for the administration and enforcement of this act. The provisions of section 3709 of the Revised Statutes shall not apply to the purchase of supplies and services by the Administrator where the aggregate amount involved does not exceed \$250.

(e) The Administrator may, from time to time, issue such regulations and orders as he may deem necessary or proper in order to carry out the purposes and provisions of this act. Any regulation or order under this act may be issued after such inquiry as the Administrator deems necessary or proper.

(f) In establishing a ceiling for any specified commodity, the Administrator shall, so far as practicable, advise and consult with representative members of the industry which will be subject to such ceiling. In the case of any commodity for which a ceiling has been established, the Administrator shall, at the request of any substantial portion of the industry subject to such ceiling, appoint an industry advisory committee, or committees, either national or regional, or both, consisting of such number of representatives of the industry as may be necessary in order to constitute a committee truly representative of the industry, or of the industry in such region, as the case may be. The committee shall select a chairman from among its members, and shall meet at the call of the chairman. The Administrator shall from time to time, at the request of the committee, advise and consult with the committee with respect to the ceiling, and with respect to the form thereof, and classifications, differentiations, and adjustments therein. The committee may make such recommendations to the Administrator as it deems advisable.

Mr. STEAGALL. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. STEAGALL: On page 9, strike out lines 19 to 24, inclusive, and insert:

"SEC. 201. (a) There is hereby established a Price Control Board (in this act called the 'Board'), which shall be composed of five members who shall be appointed by the President by and with the advice and consent of the Senate. The members of the Board shall elect one of their number as Chairman.

The members of the Board shall receive compensation at the rate of \$10,000 per annum. In selecting the members of the Board the President shall have due regard to experience and training and to a fair representation of the various geographical divisions and economic interests of the United States. No more than one member of the Board shall be appointed from any one Federal Reserve district."

Mr. STEAGALL. Mr. Chairman, I am sure Members are familiar with this amendment since it was read this morning and explained. I do not see how we can find a less objectionable way for the enforcement of the purposes of this bill than the plan embodied in this amendment.

If we are not willing to trust the Chief Executive of the Nation to make wise appointments and the Senate of the United States to confirm and pass judgment on the appointees, distributed geographically throughout the country, and selected with reference to their financial environment, I do not see what we could do to make that part of the machinery of the bill acceptable. We trust the administration of the great Federal Reserve System to the members of the Federal Reserve Board. We trust the Interstate Commerce Commission. We trust the Federal Trade Commission. We have found no better way in all the history of the Nation by which to safeguard the proper administration of important legislative machinery than by the method employed under the amendment which I have just submitted for consideration. We had hoped that all objections to the bill at this point would be removed by this amendment.

Mr. TABER. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from New York.

Mr. TABER. What does the gentleman propose to do later on in the bill with reference to giving this board some power? It will have no powers the way the amendment is drawn.

Mr. STEAGALL. May I say to the gentleman that I expect to ask consent that wherever necessary the proper technical corrections shall be made by which the board that would be established under this amendment would have all the powers that would be conferred upon the Administrator under the existing provisions of the bill. I have some specific amendments to that effect, but the minor and technical amendments I had hoped could be disposed of by unanimous consent. All the powers conferred on the Administrator would be conferred on the board.

Mr. WOLCOTT. Mr. Chairman, I offer a substitute amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT as a substitute: Beginning on page 9, strike out all of section 201 and insert in lieu thereof the following:

"SEC. 201 (a). There is hereby created the Price Control Administration. The President shall appoint a Price Control Administrator, by and with the advice and consent of the Senate. All of the duties of the Price Control Administration shall be vested in the Administrator and the Board of Administrative Review (created in sec 202-A). The Administrator shall receive a salary of \$10,000

a year. The Administrator may appoint, subject to the Civil Service Act as amended and the Classification Act of 1923 as amended, such personnel as may from time to time be appropriated for by Congress. The Administrator may utilize the services of Federal, State, and local agencies, and may utilize such regional, local, or other agencies, and utilize such voluntary and uncompensated services as may from time to time be needed. Attorneys appointed under this section may appear for and represent the Administrator in any case in any court. In the appointment, selection, classification, and promotion of officers and employees of the Price Control Administration no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency.

"(b) The principal office of the Administrator shall be in the District of Columbia, but he or any duly authorized representative may exercise any or all of his powers in any place.

"(c) The Administrator shall have authority to make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere; for lawbooks and books of reference; and for paper, printing, and binding) as he may deem necessary for the administration and enforcement of this act. The provisions of section 3709 of the Revised Statutes shall not apply to the purchase of supplies and services by the Administrator where the aggregate amount involved does not exceed \$250.

"(d) The Administrator may, from time to time, issue such regulations and orders as he may deem necessary or proper in order to carry out the purposes and provisions of this act.

"Sec. 202. (a) There is hereby created in the Price Control Administration a Board of Administrative Review to be composed of five members appointed by the President by and with the advice and consent of the Senate. Each member of the Board shall receive a salary of \$10,000 a year. The Board shall choose one of its members to be chairman. The Board shall be completely free and independent of the Price Control Administrator in the performance of all of its duties and functions. The Board may appoint, subject to the Civil Service Act, as amended, and the Classification Act of 1923, as amended, such personnel, including commissioners and attorneys, as may from time to time be appropriated for by Congress. Three members of the Board shall constitute a quorum. The Board may designate individual members, committees of members of the Board or Commissioners, to hold hearings from time to time in such places as may be designated by the Board. All decisions of the Board shall be agreed to by at least a majority of the members thereof.

"(b) The principal office of the Board of Administrative Review shall be in the District of Columbia, but such Board, a member, committee of members, or any duly authorized commissioner or commissioners may meet in any place within the United States or its Territories and possessions to conduct hearings and investigations.

"Sec. 203. (a) The Administrator and the Board of Administrative Review or any member or commissioner thereof may administer oaths and affirmations, may require by subpoena or otherwise the attendance and testimony of witnesses and the production of documents at any designated place. No person shall be excused from complying with any requirements under this section because of his privilege against self-incrimination, but the immunity provisions of the Compulsory Testimony Act of February 11, 1893 (U. S. C., 1934 ed., title 49, sec. 46), shall apply with respect to any individual who specifically claims such privilege.

"(b) The Administrator or Board of Administrative Review shall not publish or dis-

close any information obtained under this act that such Administrator or Board deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information.

"Sec. 204. Any person who is aggrieved by any order or regulation of the Administrator may, within 30 days after the issuance of such order or regulation, appeal such order or regulation to the previously mentioned Board of Administrative Review. Within 30 days of the filing of such appeal with the Board of Administrative Review the Board shall hold a public hearing on such appeal wherein any person who is affected by such order and who is aggrieved may present testimony. Upon the request of any aggrieved person affected by such order or regulation the Board shall subpoena such witnesses as he may designate within a reasonable time after the filing of such protest against any order or regulation, but in no case more than 60 days after the filing of such protest, the Board shall make a determination. The Board is authorized to affirm or amend or modify such order or regulation or may reverse or set aside the same in whole or in part. The determination of the Board of Administrative Review in all such appeals shall entirely supersede and stand in place of the original order or regulation of the Administrator."

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent that I may be permitted to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. WOLCOTT. Mr. Chairman, the language of the amendment which has just been offered is found in Wednesday's Record on page A5369.

I have offered this amendment to prevent the creation of a situation where one man may control the economic destiny of this Nation. I do not accept the so-called modification amendment offered by my worthy chairman, the gentleman from Alabama, to establish a board, because I consider that amendment an insult to the intelligence of this House. I do not know who drafted it. I believe that the same elements are at work in this respect that have humiliated and embarrassed the Committee on Banking and Currency all through its deliberations on price-control legislation.

All the substitute which has been offered by the chairman of the committee provides is that a board be created instead of an Administrator. This board meets and elects a chairman, and from then on that chairman may function as an Administrator, and the board can go off fishing or anywhere it pleases and leave him to function under regulations and orders which it might set up of a procedural nature.

I say that when they tell us that they want to compromise the situation, and offer as a compromise such a monstrosity as that, really, Mr. Chairman, that is an insult to the intelligence of this House. Even a third-grader could see through that. So it cannot be accepted; it just cannot be accepted, because it does not remove from the bill the objectionable features.

There is still no provision for a review of the ceilings established. Under the substitute which I have offered, a board of five is created—it is called the Board

of Administrative Review—which has semiadministrative and semijudicial powers in the first instance to affirm or modify or amend or reverse or set aside the ceilings originally established by the Administrator, upon hearings, and therein it is semijudicial. De novo proceedings may be brought expeditiously before the board for a review of the ceilings established by the Administrator. So this board would have a double purpose and objective.

Mr. Chairman, it will be somewhat of a brake upon the enthusiasm of any Administrator who might be named who might be a little ambitious or reckless with respect to the effect which the fixation of a price ceiling may have upon our general economy.

In the next place, it will provide for a review by those who have authority to act to correct any mistakes which have been made. It invites the correction of mistakes which may be made in the establishment of the ceilings.

Carrying on from that, a legal review is provided in the amendment of mistakes in the determinations made by this Board. If this amendment is adopted, I intend to offer amendments in subsection (d) of page 17 to provide that aggrieved persons may petition for a writ of certiorari from the determination of the Board of Administrative Review.

It is perfectly all right with me that the emergency court of appeals stay in the bill. I am not particularly interested. I am, however, interested in this fundamental thing, that there is no individual in the United States mentally and physically capable to control the economic destiny of 132,000,000 people. No other agency of the Government with power over our destiny attempts to function with an individual Administrator. This Congress has on frequent occasions established boards to administer laws which affect a relatively small group of our citizens, upon the premise that it is undemocratic to place in the hands of one individual the economic or social destiny of any large group of people.

Under the bill as it is now written and under the proposal offered by the chairman of the committee, no review is provided for the mistakes made by the administrator. I want that to be considered. Under the bill as it now stands and under the amendment as offered by the gentleman from Alabama, the only question which can be reviewed before the emergency court of appeals or the Supreme Court of the United States is whether the ceiling was originally set in accordance with the law. It specifically states that that ceiling will not be disturbed unless it is shown that it was not set in accordance with the law, or if it was arbitrary or capricious.

The legal definition of the words "arbitrary or capricious" is "not in accordance with law," so the words "arbitrary or capricious" are merely redundant. They are not needed here. Therefore, there is no review whatever before any court or any board of anything but the legal right of the Administrator to set the ceiling. There is no provision that the court must find that the ceiling was based upon substantial evidence. If

there is a scintilla of evidence to justify his actions, then, according to the provisions of this bill, any court must affirm and cannot set aside these proceedings.

My amendment provides that while this proceeding is pending, as a safeguard to the purpose of the act these ceilings shall remain in force. I purposely provide, for expeditious review, that the petition for review shall be filed before a certain time, and the final determination shall be made before a certain time. Instead of compelling every complainant, every aggrieved person, every protestant, to come to Washington or wherever the Emergency Court of Appeals may function—

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. WOLCOTT. I provide that this Board of Administrative Review can subdivide itself into committees of a member or members and sit anywhere in the United States.

They may take testimony through commissioners the same as the Court of Claims does and in the same way as district courts function through their Masters in Chancery and their United States Commissioners. Therefore, an aggrieved party in California or Florida or Texas or Maine or Michigan does not have to come to Washington to get justice, he can be heard before a member of this board sitting in the locality in which it is alleged the injustice occurred, or he may have his case heard before a commissioner, who transcribes and sends the testimony with his recommendations to Washington, or any procedure may be followed which this board may deem necessary to give the aggrieved party equity and justice.

I contend that in the amendment I have offered I have removed much of the objection that this bill sets up an economic and social dictator. I may say, Mr. Chairman, that under the form of government under which we live today it cannot be expected that representatives of a free people can vote to put the economic and social destiny of 132,000,000 people into the hands of one individual without some method of administrative and judicial review. My amendment, I believe, establishes all the safeguards which can be established without seriously interfering with the orderly operation of price-control machinery.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, first, I should like to say that this amendment was written by the gentleman who now addresses the House, yesterday, on Thanksgiving Day. I was about to say Sunday, because it was a holiday. If the gentleman can find some sinister or improper influence that had anything to do with that I will take him on a nice pleasure trip to Florida as my guest when we get through with the bill.

Mr. Chairman, I am a little surprised or disappointed, maybe not much sur-

prised, that my good friend finds so much fault with this amendment. It was thought that when we got away from the dangers that had been pointed out by him and others of undue and improper power to be placed in one individual, we had removed one of the chief objections to this bill. I am afraid my good friend is hard to please, but let me remind him that the essential thing for the protection of the individual citizen or of his right in the administration of this measure cannot as a practical matter, be taken care of by any method of appeal. The only practical way by which we can safeguard the administration of this act against arbitrary or unjust methods of enforcement under one-man control, which would be permitted under the gentleman's amendment, is to diffuse that power by having a board as contemplated by this amendment—a board representative of the various business interests of the Nation and geographically distributed. It seems to me the important thing that should be desired by the gentleman from his viewpoint is that every man who, having a matter to be passed upon in the exercise of these powers, should have someone there at the moment the matter is considered and decided to speak his viewpoint, to represent the interest involved in the transaction. I want to ask the gentleman what protection it would be to the small business man to have the right of appeal to a board with an application to be tried out over a period of 90 days before a board composed of the associates of the Administrator. There can be no effective protection to the average small business man unless he is represented and his view is properly presented and considered when the order is being made and an order could not accomplish the purposes of the bill unless it could be put into operation without prolonged delay.

Mr. BULWINKLE. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from North Carolina.

Mr. BULWINKLE. Will the chairman of the committee advise me whether or not the other sections are amended or will be amended?

Mr. STEAGALL. Yes; that is contemplated.

Mr. BULWINKLE. What other amendments have you?

Mr. STEAGALL. I expect to make the request, of course, if this amendment is adopted, that all technical corrections be made so that the powers that would be conferred on the administrator by the present bill would be conferred on the board, and there is one amendment which I intend to offer that would permit the board to sit at other places than in the District of Columbia.

Mr. BULWINKLE. The members of the committee do not know what those other amendments are.

Mr. STEAGALL. They simply make the bill operative under the change or under the amendment that would establish a board instead of an administrator, with no substantial change in the exercise of the powers conferred.

[Here the gavel fell.]

Mr. KEAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am opposed to the Steagall amendment and in favor of the Wolcott substitute. Mr. Chairman, the Steagall amendment, in my opinion, only muddies the water, only adds to inefficiency without in any way improving the bill.

Everyone who appeared before the committee said that a single Administrator was essential for efficient control. Mr. Baruch said:

I think you should have a single authority, some definite, responsible head, who can make the decisions. If you do not get that, you are not going to get anywhere.

Mr. Patterson, the Assistant Secretary of War, said:

Any price administration must be coordinated as far as practical under a single head. Committees are good for counsel, but poor for action.

Mr. Eccles said:

I would leave the problem of price control in the hands of one administrator, giving him ample jurisdiction and discretion.

Mr. Nelson said:

I do not believe in administrative boards. I have had enough experience with administrative boards.

Either this board will merely be a dummy board giving all the power to Mr. Henderson anyway, or else there will be divided responsibility hamstringing or hampering the Administrator's efforts. Let us place the responsibility where it belongs—on one Administrator—and thus know where the responsibility rests and not let him alibi his mistakes by blaming his associates on the board. You should give him full authority, subject to a review board, as provided by the Wolcott amendment.

Mr. BOGGS. Mr. Chairman, will the gentleman yield?

Mr. KEAN. Yes.

Mr. BOGGS. Is it not true that the gentleman favored the creation of an administrative board, and not a board of review throughout the committee hearings?

Mr. KEAN. I did not.

Mr. BOGGS. Is it not a fact that a board of review was never mentioned during those hearings?

Mr. KEAN. I asked the questions to find out about it from the testimony of the gentleman testifying before us, and they proved to me that an administrative board would not be satisfactory.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. KEAN. Yes.

Mr. WOLCOTT. In that respect I say to the gentleman who asked the question, that I offered an amendment similar to this in the committee, and that amendment had full discussion.

Mr. KEAN. That is correct.

Mr. WOLCOTT. I also call attention to the fact that Mr. Baruch advocated the committee behind a single administrator to review any mistakes which might be made. The gentleman from Illinois [Mr. DEWEY] brings it out on page 1042 of the hearings, and if the

gentleman will bear with me, I should like very much to read that.

Mr. KEAN. I yield for that purpose.

Mr. WOLCOTT. The testimony I referred to is as follows. Mr. Baruch being on the stand:

Mr. DEWEY. I wish to ask you one or two questions about your experience. Was any professional appeals board set up in the last war? By professional I mean official men, drafted and paid a salary to sit as a board of appeals to whom individuals that were not quite satisfied with their local boards or with prices might come and have a hearing before they appealed to the courts. Did you have any such board?

Mr. BARUCH. The price-fixing committee fixed prices for every 3 months and invited anybody who had any criticism to appear before them and present their case.

I think it was a good board. I can say that, because I was not a member of it.

There was every opportunity to change any price and to try to correct any injustice or to lessen any hardship. There was a real, honest effort. There was a very remarkable old gentleman who was the head of it, Mr. Brookings.

So, during the World War under a single Administrator, Br. Baruch, they had a board of review, which reviewed his ceilings every 3 months.

Mr. KUNKEL. Mr. Chairman, will the gentleman yield?

Mr. KEAN. Yes.

Mr. KUNKEL. Is not our experience today with the O. P. M. and the divided authority we have had in all our defense agencies the best single argument against a divided authority in a board in the present Price Administration? Could anybody urge a better or stronger argument against it? I refer to our actual experience in the past year.

Mr. KEAN. I think the gentleman is correct. I think a single Administrator is the only practical way.

Mr. BOGGS. Mr. Chairman, I rise in opposition to the substitute amendment. We have two separate and distinct plans of procedure before the committee, and I shall take a moment to outline the difference between those plans. First, we have the committee plan, which has just been offered, which provides for the administration of this act by a five-man board; the board to be appointed by the President, taking into consideration geographical, economic, and other interests throughout the Nation. That board is given complete authority to make decisions and to administer the act. By way of appeal from the board we have set up an emergency court of appeals. That court is not appointed by the President, but by the Chief Justice of the United States Supreme Court. He shall select the members of the court from the Federal circuit courts of appeal, and the Federal district courts. No one can deny that that is a completely independent judicial body.

Mr. BULWINKLE. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. Yes.

Mr. BULWINKLE. Does the gentleman think it fair to the complainant that the only thing that he can appeal on is that whatever decision is made is contrary to law or capricious. Is that just to the claimant? Does the claimant have any trial de novo at all?

Mr. BOGGS. If the gentleman will bear with me, here is the procedure. After the administrative board has made a decision, 30 days shall elapse, during which time the complainant can file his appeal with the emergency court of review. In saying that he has only an appeal as to whether or not the administrative board has acted according to law, I refer the gentleman back to the act which provides for this in section 2. Section 2 provides that whenever in his judgment the price or prices of a commodity have risen or threaten to rise, and so forth, the administrator shall by regulation or order establish such ceiling or ceilings as in his judgment will be generally fair and equitable and effectuate the purposes of this act.

And then the act provides:

So far as practicable, in establishing any ceiling, the Administrator shall ascertain and give due consideration to the prices prevailing for the commodity or commodities included under such ceiling on or about October 1, 1941, and shall make adjustments for such relevant factors as he may determine and deem to be of general applicability, including the following: Speculative fluctuations, general increases or decreases in costs of production and transportation, and general increases or decreases in profits earned by sellers of the commodity or commodities, during and subsequent to the year ended October 1, 1941. Every regulation or order establishing any ceiling under this subsection shall be accompanied by a statement of the considerations involved in the issuance of such regulation or order.

So in saying you have to determine whether he acted according to law you are referred back to all of these factors—the factor of cost, the factors entering into production, the factor of transportation, the factor of speculation, the factor of profiteering; all of the other elements which enter into any price ceiling.

Mr. GIFFORD. Will the gentleman yield to me?

Mr. BOGGS. No. The gentleman from Michigan had 10 minutes. I am sorry; I cannot yield.

Mr. GIFFORD. If you do not yield, I will have to take 5 minutes.

Mr. BOGGS. So when you say that he has recourse to determine whether or not he acted according to law, you are covering the whole gamut of all of the factors which enter into production in this country. In addition to that, we have the standard of arbitrary and capricious. When reviewing an administrative decision, the usual standard is to determine whether there is any evidence to sustain or justify the administrative decision. If there is the slightest favorable evidence, the courts have held that the administrative body must be sustained. But in this case we bring into play the further rule of arbitrary and capricious.

[Here the gavel fell.]

Mr. BOGGS. Mr. Chairman, may I proceed for 5 additional minutes by unanimous consent?

The CHAIRMAN. Is there objection? There was no objection.

Mr. HALLECK. Mr. Chairman, will the gentleman yield to me briefly?

Mr. BOGGS. I yield.

Mr. HALLECK. Do you mean to say that under the provision for an appeal to

the emergency court the factors set up in section 2, to which you have just referred, which will be considered by the administrative board in its original finding, will be reviewed as to their weight and sufficiency by the court? I do not so understand that.

Mr. BOGGS. These factors will be considered by the court in determining whether or not the law was complied with.

Mr. GIFFORD. Will the gentleman yield to me?

Mr. BOGGS. Gladly.

Mr. GIFFORD. I am so surprised. I thought there was unanimity of opinion that only the law of a capricious thing would be considered by the court. I had thought that the emergency court of appeals ought to be designated something like this when an aggrieved party went in: "all ye who enter here leave all hope behind." Would not that be the feeling he had?

Mr. BOGGS. I think that is primarily a question of interpretation, but the important consideration before the House is this: The gentleman has stated that he fears dictatorship; that he fears a one-man administration; that he fears the delegating of all this power to one man. We have proposed the creation of a five-man board, such as the Interstate Commerce Commission, the Federal Communications Commission, the Tariff Commission and all of the other agencies of Government.

Mr. BULWINKLE. Mr. Chairman, will the gentleman yield right there?

Mr. BOGGS. No. I must continue. It seems that it must be fundamental that a board of this nature certainly could not have the powers of one man.

[Here the gavel fell.]

Mr. FULMER. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I want to make a very brief statement. I do not believe there is anyone in this House or in this country any more opposed to strikes than I am. I certainly think there ought to be something done about it. I have felt that way for quite some time. I understand the President and the Congress have decided to do something about it, and a bill will be brought in Monday to curb strikes.

I am hoping that those who represent labor and those who represent the farmers of this country will give me their careful attention. I have never worried about the wages that any wage earner in this country has been earning or that is being earned at this time. I have never heard tell of a wage earner becoming a millionaire or after death leaving an estate of a million dollars. Not many of them have ever been able to send their daughters and sons to college.

Many of them and their families, like many farmers and their families, are living in poverty. The controversy here between two major groups in this House, those who represent labor and those who represent farmers, is the placing of farm commodities in the bill and not placing wages in the bill. I want to say to you under the provisions of this bill, permitting farm commodities to sell at 110 percent of parity, for instance, and the Brown amendment, that would per-

mit cotton to go slightly above 21 cents, I cannot understand how those of us who represent the farmers of this country could ask more.

Let me give you this interesting fact. Sometime ago, with the assistance of Republicans and Democrats who represent consuming districts and those who represent labor and consumers, we passed a bill carrying an 85-percent parity loan and thereby placing an 85-percent bottom under farm products. There was a majority of only 12 votes in the passage of this bill. Cotton at that time was selling for 10 and 11 cents. Immediately the price commenced going up until it reached 18 cents. Wheat was selling for 60 cents and immediately the price of wheat advanced to around \$1. For the first time even under this administration we are going to get 100-percent parity for our cotton and our wheat.

Not only have we the 85-percent bottom and the assurance that we will receive 100-percent parity, but under the Brown amendment cotton can go to 21 cents and wheat to \$1.32. We have a bill and we have a rule for its consideration next week, extending the Soil Conservation Act under which we will secure \$500,000,000 for our farmers and in that bill we extend the 85-percent loan bottom for 3 years and a definite floor under farm prices during this emergency. I can say to you now that we have the definite assurance of the President that he is perfectly willing to have this Congress appropriate the cash to make up any difference between the loan or the price received for cotton and wheat, whichever is the highest, so that the farmer will be able to get a 100-percent-parity price. That is, for the basic farm products. Now what we should be worried about is what will the Department name as parity. This bill does not have anything to do with that. As far as I am concerned the Department is using the wrong formulas in fixing parity prices on farm products. The Department does not add anything for farm labor nor does the Department take into consideration in seeing to it that the parity prices will give the farmers a just proportion of the national income. The job of working out a fair and proper formula is going to be up to my committee. As stated, the thing that we should be interested in Mr. Chairman, is what will be the parity price, because we have every assurance that we will get parity with the possibility of cotton advancing to 21 cents and wheat \$1.32 per bushel, which is considerably above the present parity. If wages are increased and if the ceiling on manufactured goods is increased, then of course parity prices on farm products will be advanced accordingly. If they are reduced parity will also be reduced. What I am concerned about if we recommit this bill with all that we have in it for our farmers what assurance do we have that we will get anything better or even as good in any other bill? As I said a while ago, the major problem at this time is the strike problem and I do not believe the rank and file of labor is responsible for these strikes. If you will curb strikes and see that labor gets a

square deal in the way of wages we shall have no trouble.

I have not heard anybody say anything about the profits that industry is making today, you do not see anything in the press about this, I want to tell you that these monopolistic groups who have complete charge of our national-defense program are grabbing everything in sight. Six of these large industries have secured one-third of our lend-lease contracts and 56 concerns have secured three-fourths of the total. Small industries, small business concerns, and the small contractors of this country are just as helpless and hopeless as a man on the chain gang. According to the statement of the gentleman from Missouri [Mr. WILLIAMS], made on the floor of the House the other day, during the first 9 months of this year these 460 largest corporations made a profit of 35 percent after setting aside reserves to meet increased taxes and every other item of expense, they made net 35 percent more than they made during the same 9 months last year. What about wages? Are the laborers getting a wage that will enable them to pay taxes, doctors' bills, increased prices on everything they buy, and a net profit of 35 percent?

Mr. Chairman, with what we have in this bill for agriculture and with the possibility we may not be able to get these agriculture provisions in a new bill, I am hoping that the farm group will vote against the recommitment of this bill.

[Here the gavel fell.]

Mr. McCORMACK. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, we have just listened to what, in my opinion, is one of the most timely speeches I have ever heard in 13 years of my membership in this House. I think it is as fine an evidence of leadership as I have ever seen—the gentleman from South Carolina [Mr. FULMER], chairman of the House Committee on Agriculture, taking the floor and calling the attention of his colleagues in the House and of those Members from agricultural districts to the fact that under this bill agriculture has received the maximum consideration that it probably would receive.

I am fearful, if this bill is recommitted, that agriculture will not receive the consideration that is contained in this bill at the present time. I do not say that merely as an expression of opinion or of hope; I say that because within the next 6 weeks or 2 months public opinion will catch up with the rise in prices. Public opinion will express itself to those who represent industrial areas, and the great majority of the Members of this House represent industrial areas either in whole or in major part. Then, when the bill comes up again, with public opinion, which is the master of all in a democracy, sound public opinion will assert itself, and I am very fearful that under those circumstances that 110 percent of parity or October 1, 1941, or the Brown amendment, whichever is the highest, one or both will probably be eliminated from any bill reported.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Michigan.

Mr. WOLCOTT. The gentleman has been very cooperative. I believe if the gentleman will continue to cooperate and remove the issue as to whether the proponents of the bill are more concerned with the control of business than with the control of prices, I can give the gentleman reasonable assurance that there will be no recommitment of this bill.

Mr. McCORMACK. All I can say to my friend from Michigan is that I think my record in this House has been one of an attempt to obtain for all the elements of our people that practical social justice—notice I say practical social justice—that can be humanly approximated in the conduct of government. I think I am the last man in the world that businessmen can say has any hostile feelings toward them. As a matter of fact, if the gentleman will pardon a personal reference, I, a Democrat, am to have the unusual experience of being given a testimonial luncheon by the Boston Chamber of Commerce, the American Retail Trade Association, the Boston Maritime Association, and one other business association in Boston.

I know that this bill is going to be administered in a fair and equitable manner. Somewhere human agency must administer law, no matter what the form of government, and we are—thanks be to God!—living in a democracy. Human agency must administer law, some law, all law and that human agency cannot be the Congress of the United States even if it were permitted by the Constitution of our country. We have got to vest confidence somewhere, and that place must be in some human agency.

The bill reported out proposed an administrator. The committee has reported an amendment setting up a board. The gentleman from Michigan provides for an administrator and a board of review.

Mr. WOLCOTT. If the gentleman will yield, I know he does not want to misstate the facts.

Mr. McCORMACK. I hope I would never intentionally make a misstatement.

Mr. WOLCOTT. The amendment offered by the gentleman from Alabama is not a committee amendment. He offered it on his own responsibility.

Mr. McCORMACK. I will correct that. The gentleman from Alabama is chairman of the committee, and it is fair to assume that he represents the views of a majority, if not all the Democratic members of his committee. He has offered an amendment to provide for a board. Let me now briefly address myself to that.

Mr. HALLECK. I have been much interested in the speech of the gentleman from South Carolina and the remarks now being made by the majority leader immediately following that speech. Do I understand from these two speeches that I am to understand that wages are not to be controlled in this bill; that really there is no control of farm prices because the minimum levels beneath which they may be fixed are so high as to be inoperative?

Mr. McCORMACK. The gentleman, of course, asking me an ingenious question, knows that the gentleman from South Carolina and the gentleman from Massachusetts made no such statement in relation to farm levels. The gentleman's question is self-answerable.

[Here the gavel fell.]

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts [Mr. McCORMACK]?

There was no objection.

Mr. McCORMACK. Mr. Chairman, coming to the pending amendment, the gentleman from Michigan says that if a board is appointed Mr. Henderson will dominate it. Well, what a ridiculous argument. It is all right to make claims, but let us appeal to reason and let us analyze it through. Why is it that the Chairman of the Interstate Commerce Commission does not dominate the Interstate Commerce Commission? And what about the Chairman of the Federal Trade Commission?

Mr. MAY. Will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Kentucky.

Mr. MAY. It would be much easier for an administrator to dominate himself than four other men, would it not?

Mr. McCORMACK. Exactly. But the gentleman from Michigan says that in this Board Mr. Leon Henderson, as the Chairman, will dominate it. Can anyone conceive of four honorable men being appointed to the Board becoming subservient and submitting their honest convictions and consciences to anyone else? What about every other board we have? Why is it they do not make the same charge that the chairmen of those boards dominate the respective boards? They know such a charge is ridiculous.

Mr. WOLCOTT. Will the gentleman yield?

Mr. McCORMACK. I have only a few seconds left.

Mr. WOLCOTT. I know the gentleman wants to be correct in his presentation as to the difference between the agencies he mentions and this Board.

Mr. McCORMACK. What is that?

Mr. WOLCOTT. I know the gentleman wants to be correct in the analysis he is making.

Mr. McCORMACK. The organizational set-up is substantially the same. They each have an independent vote.

Mr. WOLCOTT. That is what I am asking the gentleman to yield on.

Mr. McCORMACK. Does the gentleman want to take up more of my time?

Mr. WOLCOTT. I want the gentleman to make a correct analysis between the S. E. C., the Federal Trade Commission, and some of these other boards.

Mr. McCORMACK. In the organizational set-up they are the same.

Mr. WOLCOTT. The gentleman is not making a correct analogy.

Mr. McCORMACK. Each member has an individual vote, each member has his own responsibility.

Mr. WOLCOTT. I have a lot of respect for the gentleman, and I know he would not make that statement—

Mr. McCORMACK. I like my friend's chastising. He is in a soft, kind mood when he adopts his present atmosphere.

Coming to the gentleman's amendment, they condemned an Administrator up until the time he offered his amendment; but now he wants an Administrator. Prior to that they condemned an administrator. What does he provide in his amendment? A board of review to pass upon the actions of the administrator. Why not have another board of review to pass upon the board of review? Why not have another board of review to pass upon the second board of review?

Why, Mr. Chairman, the amendment offered by the gentleman from Michigan is a clever subterfuge to present a political situation in the hope that it might make an emotional appeal to enough Members of the House to constitute a majority. The amendment offered by the gentleman from Alabama is sound, it is a constructive amendment, and I hope it will be adopted.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama [Mr. STEAGALL]?

There was no objection.

Mr. CRAWFORD. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, at no time during the proceedings on this bill have I attacked or opposed the single Administrator idea. Previously I said that the present civilian Administrator and the Price Control Administrator of O. P. M. can in his various controls exercise the power of capital punishment over American industry.

Today we are considering the administrative procedure in this bill which is to turn over the economy of our people to a Price Administrator, and I cannot understand why our distinguished floor leader would draw a similarity between that kind of an approach and one where a single industry, such as railroading, is dealt with. There is no comparison between the two, and if we are so loose in our thinking and acting today as to deal with the two in the same manner and in the same concept, I think we will hear from American industry hereafter.

Mr. HINSHAW. Will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from California.

Mr. HINSHAW. The gentleman from Massachusetts, the majority leader, spoke about the possibility of having a board of review of a board of review of a board of review. May I ask the gentleman whether he thinks that is not very similar to the present situation existing in our courts, where you may go to one court, from there to a higher court, and finally to the Supreme Court of the United States in order to receive justice?

Mr. CRAWFORD. Not being an attorney, and not having ever been engaged in a personal lawsuit, but based upon observation, I think the gentleman from California is correct.

The Wolcott amendment, I am sure, will be much more acceptable to the in-

dustry of this country if they had a chance to speak on the matter themselves. We have here in the scales today the most diversified and freest operating economy left on the face of the earth. We are proposing to turn it over to a single Administrator.

That is something we can well afford to consider very seriously, especially in view of the fact that the consideration which is to be paid back to the American people in the administration of this bill will be extremely ineffective. By that I mean this:

The Government's loan policy is deluding most of our people. It has degenerated through the use of banking credit into inflation. It has raised the prices against consumers, and the Government as well, and these prices will further advance. At the moment the Government, through financing war loans by present methods, is conducting a fragile, deceptive, and costly support. It will fail and develop into inflation. Sophistry and financial legerdemain is the order of the day. It is an operation in banking finance instead of being an operation in saving and investment.

You will get nothing back in return in the form of a fair consideration for the powers you are now proposing to hand over to the Price Administrator.

Mr. SMITH of Ohio. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Ohio.

Mr. SMITH of Ohio. Is it not a fact that either the House of Lords or the House of Commons, under the price-control system now in operation in Britain, may rescind any price ceiling fixed by the board of trade?

Mr. CRAWFORD. Of course, they can do that, yet here we are surrendering all the power.

We may just as well be realistic in this approach. The President has called for a war expenditure of over \$100,000,000,000. He is asking that the production be turned out and invoiced up within the next 25 months. The money that is to be issued will bring inflation in spite of what the Price Administrator can do or will do, because this House and the administration are not willing to do the necessary. We are afraid of political reaction. Yet we sit here about to turn over to the administrator the whole of American economy.

Mr. Chairman, I hope the Wolcott amendment is adopted.

[Here the gavel fell.]

Mr. PATMAN. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, the question is, Shall we have one Administrator or a board to administer this law? Personally, I have always favored one Administrator, but the chairman of the committee, yielding to what he believes to be and what I believe to be the wishes of the majority of the members of our committee, has offered an amendment providing that we shall have a board to administer this law. The gentleman from Michigan [Mr. Wolcott] proposes that we still have the one Administrator but that we have an investigating board above him to investigate everything he does, which will

result in tying up every order and regulation that is made, and it will continue on during the time this law continues in effect. So, the bill would really have no force and effect if the gentleman's amendment were adopted.

Mr. KEAN. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I cannot yield.

Mr. KEAN. The statement the gentleman made is not true.

Mr. PATMAN. May I invite your attention to the fact that this amendment, if carried, will strike out the only provision in this bill that protects small business. There is a provision in section 201 which sets up advisory groups to help the small business institutions that do not have lawyers to send to Washington and the small businessmen who do not have money to come to Washington themselves. Such a group is set up as an advisory committee of the industry itself, which will be conferred with by the board administering this law. This gives to the small businessmen of this country fair protection and equal rights, without their having to come to Washington themselves to get it. They will be represented through their own associations, their own organizations, and the attorneys for their own organizations.

If you pass the substitute offered by the gentleman from Michigan, however, you will strike out entirely this provision that will help small business. You will strike out the advisory groups and will have nothing left.

As between the two, the board suggested by the gentleman from Alabama and the one administrator suggested by the gentleman from Michigan [Mr. WOLCOTT], with his investigating committee to investigate the investigating committee, the amendment offered by the gentleman from Alabama is far preferable because it preserves that one section in the bill that gives small business an advisory group to look after it.

Mr. SACKS. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Pennsylvania.

Mr. SACKS. May I point out to my colleague that the chief objection to those who favor the amendment offered by the gentleman from Michigan [Mr. WOLCOTT] is that Mr. Henderson might dominate the Board. The President appoints the review board, also, under the proposed amendment, and Mr. Henderson might dominate the review board, so what is the difference if you call it an original board or a review board?

Mr. PATMAN. Not only that, I have always understood that our friends on the other side opposed this bill because there was one administrator. They want a board.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. Yes; for a brief question.

Mr. WOLCOTT. I think we should clarify that.

Mr. PATMAN. Just ask me a question.

Mr. WOLCOTT. The gentleman has made a misstatement.

Mr. PATMAN. No; I have not made a misstatement.

Mr. WOLCOTT. I do not say the gentleman knowingly made a misstatement, but the gentleman from Texas and the gentleman from Massachusetts have both stated that I have opposed the Administrator. I have never opposed the Administrator, if the bill included a provision for a review of the orders of that administrator in connection with the equity of the ceilings.

Mr. PATMAN. I understood the gentleman from Michigan has always wanted more than one person. Now he comes here and says, "I want only one person, that is, the Administrator."

[Here the gavel fell.]

The CHAIRMAN. All time has expired.

The question is on the substitute offered by the gentleman from Michigan [Mr. WOLCOTT] to the amendment offered by the gentleman from Alabama [Mr. STEAGALL].

The question was taken; and on a division (demanded by Mr. WOLCOTT) there were—ayes 123, noes 148.

Mr. WOLCOTT. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chair appointed as tellers, Mr. PATMAN and Mr. WOLCOTT.

The Committee again divided; and the tellers reported that there were—ayes 139, noes 117.

So the substitute was agreed to.

The CHAIRMAN. The question now recurs on the amendment as amended by the substitute.

The amendment as amended by the substitute was agreed to.

The Clerk read as follows:

OBTAINING INFORMATION

SEC. 202. (a) The Administrator may make such studies and investigations, and obtain or require the furnishing of such information under oath or affirmation or otherwise, as he deems necessary or proper to assist him in prescribing any regulation or order under this act, and in the administration and enforcement of this act, and regulations and orders thereunder. For such purposes the Administrator may administer oaths and affirmations, may require by subpoena or otherwise the attendance and testimony of witnesses and the production of documents at any designated place, may require persons to permit the inspection and copying of documents, and the inspection of inventories, and may, by regulation or order, require the making and keeping of records and other documents and the making of reports. No person shall be excused from complying with any requirement under this section because of his privilege against self-incrimination, but the immunity provisions of the Compulsory Testimony Act of February 11, 1893 (U. S. C., 1934 edition, title 49, sec. 46), shall apply with respect to any individual who specifically claims such privilege.

(b) The Administrator shall not publish or disclose any information obtained under this act that he deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information, unless he determines that the withholding thereof is contrary to the interest of the national defense and security.

Mr. COOLEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I think it was Ralph Waldo Emerson, back in 1855, who said:

If you can write a better book or preach a better sermon or build a better mouse trap

than your neighbor, the public will make a beaten path to your door.

If we pass this bill, you will not have to write a better book or preach a better sermon or build a better mouse trap; all you will have to do is to write a book, preach a sermon, or build a mouse trap, and Mr. Henderson will do the rest.

It is now admitted by members of the committee that this bill is just about as broad in its scope as was the Gore bill. About the only difference is that the Gore bill sought to regulate the wages of employees. The bill now under consideration seeks to fix the authority to regulate everything in America and to regiment and regulate every phase of life except those persons engaged as employees in industry. In other words, under the pending measure authority to regulate the wages of strikers and the employees who are now engaged in vital defense industries is not granted, while authority to regulate fees, salaries, commissions, and the compensation of professional men and those engaged in all the vocations and avocations of private life, except persons known and designated as employees, is fully granted. This means that the fees or charges of physicians, dentists, nurses, accountants, lawyers, mechanics, and others may be completely regulated and controlled.

This no one familiar with the bill will deny. In fixing fees and compensation the Administrator will not take into consideration the experience, the skill, or ability, nor the training, the educational qualifications of the doctor or the nurse, the accountant, the teacher, the merchant, or the lawyer. He can set a fee for the doctor who performs an abdominal operation, an eye operation, a tonsil or brain operation, or for an appendectomy, or for various and sundry operations, and all the doctors, regardless of skill or ability, will be paid the same fee or compensation. The same thing applies to those in other professions or vocations—butchers or bakers, bootblacks or barbers. No man nor set of men should be given the authority to regulate or fix the fees, the compensations and the commissions of all of the professional men and women of America; neither should any man nor set of men be given the power and the authority to control the earnings and the livelihoods of the farmers and the tradesmen of this Nation. This is a far-reaching bill with far-reaching ramifications. It is unconstitutional and un-American. It is anti-democratic and it should be defeated.

We are now witnessing a rather strange spectacle as the House of Representatives sits here at this moment seriously considering the adoption and the approval of such legislation as this. It is a rather strange spectacle when a broad and sweeping measure of this kind is being seriously considered in the House of Representatives and not one man has yet been bold enough or audacious enough to even for a moment to question its constitutionality. Where are all of our constitutional lawyers? Oh, gentlemen, it does not take a constitutional lawyer to know that you cannot square this bill with the four corners of the Constitution. When I have asked Members

on the floor, "Where is the constitutional authority for a bill of this kind?" they have answered me by saying, "Oh, where is the Constitution?" I say it is a serious situation when Members of Congress regard a matter of this importance as lightly as this bill is apparently being regarded.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I am sorry, I cannot yield.

Mr. PATMAN. On the constitutional question.

Mr. COOLEY. You have had an opportunity to discuss the constitutionality of this bill, and no one has dared to even mention it so far. They seem to care little about it, but listen to this just 1 minute:

It shall be unlawful, regardless of any agreement, lease, or other obligation heretofore or hereafter entered into, for any person to sell or deliver any commodity or to demand or receive any rent or otherwise to do or omit to do any act in violation of any regulation—

And so forth. There are thousands upon thousands of chattel mortgages upon the records of North Carolina today in which the mortgagors have given liens upon chattels of all kinds—hogs, cattle, and all other sorts of chattels—and in each of those mortgages there is a provision that in default of payment the property therein described shall be sold at public auction for cash to the highest bidder. Now, by one act of Congress, we seek to abrogate all of those chattel mortgages, we seek to set aside all the laws of the commonwealths of this Republic.

[Here the gavel fell.]

Mr. COOLEY. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. COOLEY. I cannot, for the life of me, believe that the Members of this House and this Committee have seriously considered that provision, and the members of the Committee, when I call it to their attention say, "Why, of course, we can by act of Congress abrogate individual contracts." I say that by this act we are seeking to set at naught the solemn contracts of individuals made before this legislation was even contemplated, solemn contracts which are the monuments of their agreements.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I must decline to yield as I only have a few minutes.

Not only this but there are laws in the various States of this Union that require certain sales to be held at public auction and property to be sold to the highest bidder for cash. These sales can no longer be held because Mr. Henderson himself will fix the highest price at which any particular commodity may be sold.

I submit that this is a serious problem. We are seeking here by this bill, and you know it as well as I do, and the country knows it—we are seeking here and now to establish a dictatorship here in Amer-

ica and to place the power in the hands of a set of men to control the destiny of the American people. I say that it is unconstitutional; it is un-American; it is repugnant to the very genius of American government, and it ought to be overwhelmingly defeated here in this House today. It is just as vicious, it is just as far-reaching as the Gore bill ever dared to be. The gentleman from Texas [Mr. PATMAN], who asked me to yield, admitted on the floor during this debate, "Yes; this is economic dictatorship." The gentleman from Missouri [Mr. WILLIAMS], of the committee, said, "Yes; this is dictatorship," and I say to you that the American people are not ready to accept dictatorship, not now nor hereafter, because they are preparing to spend their last drop of blood and all of their resources in defense of our institutions of freedom. I submit that this is the most vicious and far-reaching bill that has ever been brought before this House. We are at this moment face to face with the issue of dictatorship. You cannot hide from it. You cannot flee from it. You must here and now face the issue and decide the question. A desperate effort is being made to place and to fix a yoke upon the necks of the American people and to destroy all that our forefathers have fought for through the ages. I, for one, am unwilling to voluntarily surrender our American way of life and to accept in lieu thereof a dictatorship which may prove as despotic and as tyrannical as ever existed in the history of the world.

The present farm program was designed to meet just such a situation as exists today. American agriculture is today ready for war or inflation or any other situation which may arise. We have a surplus of all of the major agricultural commodities. We have a potential capacity for much enlarged production, and in the present situation there just is not any need on earth for this type of legislation. When Secretary Wallace first came before the House Committee on Agriculture advocating the ever-normal granary he stated that it was in the interest of consumers as well as in the interest of producers. A consumer provision was inserted in the act by which the ever-normal granary was created. The price of the major agricultural commodities cannot possibly get out of hand. If cotton goes too high, the Commodity Credit Corporation can release cotton into the market and keep the price down. If this does not prevent an abnormal rise in prices, the Secretary of Agriculture can, under existing law, issue an order increasing the acreage of cotton for the coming year, or may even remove the restrictions upon production altogether. This would certainly prevent an abnormal rise in prices. Even if we should today repeal the law fixing loans at 85 percent of parity, you know and I know that the price of cotton would drop. The silly thing about all of this is that Congress for the past 8 years has done everything in its power to force a rise in the prices of agricultural commodities, and now that prices are about to reach parity some wise men come forward with this proposition to put a ceiling

upon agriculture. If you understand the farm program, you will appreciate the absurdity of the suggestion that a ceiling should be imposed for the purpose of preventing an abnormal rise in prices.

To force the prices where they are today the farmers have reduced their crops to about half normal production, and Congress has spent millions upon millions in diversion programs, stamp programs, and various and sundry other programs. We have tried to induce farmers in about every way possible to reduce production. Why, the flue-cured tobacco farmers of this country have reduced production from 1,200,000,000 pounds to 600,000,000 pounds. They have cut their crops 50 percent. Rather than hold prices down on that which they are producing, why not increase production or release tobacco from present storage?

The same thing applies to cotton and the other major crops. If the world needs cotton the American cotton farmer is ready, willing, and anxious to produce it. All that the farmers of America ask is parity. All this talk about a 110 percent of parity is just a lot of bunk. It is for the purpose of getting the farm vote.

Why all this excitement about the rise of farm prices? Is cotton selling too high today? Is wheat selling too high, or corn, or tobacco, or hogs, or hay? This 110 percent of parity is just a sop to the farmer. You know that he will never get it. Are you going to pay the farmer not to produce and then give him 110 percent of parity for that which he produces? Are you going to continue to restrict the farmer in the production of that which you say the Nation needs and the world wants and will buy?

In conclusion, this bill involves fundamental principles of government; it involves our way of life; it involves democracy itself. Most of all, it involves dictatorship, and that I am not yet willing to embrace.

Mr. WOLCOTT. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: Beginning on page 12, line 5, strike out all of section 202.

Mr. WOLCOTT. Mr. Chairman, in the amendment which the House has recently adopted there are provisions for the Administrator or the board to subpoena documents and witnesses for the purpose of obtaining information in respect to the establishment of price ceilings, and a review of price ceilings. Therefore section 202 is redundant, and is not necessary and I might say in that respect that the same is true of the whole of section 203, and of subsections (a), (b), and (c), of section 204, which have been incorporated in the amendment which we have adopted, and they should be stricken from the bill to perfect the bill. Then, if that is done, I propose to offer an amendment to subsection (d) on page 17, to perfect that language, so that an appeal may be taken to the Board of Administrative Review, instead of the Emergency Court of Appeals, and also to strike out the language on page 17, from line 17 to line 22. The lan-

guage of these sections I have mentioned do not seem necessary in view of the action which the committee has just taken.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The amendment was agreed to.

Mr. MARCANTONIO. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman is recognized for 5 minutes.

Mr. MARCANTONIO. Mr. Chairman, I rise to comment briefly on a subject which I feel has been sadly neglected during the debate on price control. I do so because I believe that a serious and thorough consideration of this subject will impel all of us to vote in favor of an effective system of price stabilization.

I refer to the question of the cost of living. The cost of living is a major concern of every American family today to a greater degree than at any time since the first World War. It is the subject of a great many letters which I have received from my constituents who are interested in the passage of legislation which will help to maintain at least the present living standard and who urge speedy and effective action on Congress.

According to these constituents, the cost of living is skyrocketing. I have undertaken an investigation of their claims, and I assure you, gentlemen, that the result of this investigation has convinced me that skyrocketing is a very mild description indeed.

According to the Bureau of Labor Statistics of the Department of Labor, the cost of living has increased 9.6 percent from August 1939, before the war began, up to September 20, 1941, the last date at which computations are available. Prices of food, clothing, and rent have gone up precipitously during that period and, along with fuel, housefurnishings, and a few other miscellaneous items, contribute to this 9.6-percent rise in the cost of living.

These prices I refer to are, of course, the retail prices. But retail prices have not advanced nearly so quickly, nor nearly so much, as the wholesale prices of these same commodities.

Food is the most important single item in the cost of living. Let us take food as an example and compare the difference between the rise in the retail price and the rise in the wholesale price. The retail price of food has increased by 15.5 percent since August 1939. The wholesale price of food has increased by 33.5 percent in this same period.

The gap between the wholesale and retail price of food will not and cannot remain constant. That gap will close up, and, when it does, it will close in on the pocketbooks of all Americans, poor people equally with people who can afford it. This is the prospect before us even if we pass effective legislation to place ceilings on prices, and, of course, I hope that we will pass such legislation. I expect that we will pass it.

If we do not begin now, immediately, to set proper ceilings on prices, it will be too late to save much of the standard of living which we have achieved in America. The best we can hope for by

this bill is that we can save the American people from ruin.

The wholesale prices of 900 important commodities—important to the national-defense program and also to the consumer—have already increased by 22.6 percent since the beginning of the war. Textiles have gone up 33.6 percent, hides and leather products 20.4 percent, and farm products 50.9 percent, according to the Bureau of Labor Statistics, as of September 20, 1941. These are only a few samples, but these figures are sufficient to convince me that controls are absolutely essential.

We are engaged in a world struggle against Hitlerism. The people of America are engaged in this struggle as they produce materials needed by the armies facing Hitler. We cannot contribute adequately to the defeat of Hitler, even to the extent of sending these necessary supplies, if we do not maintain a standard of living necessary for the colossal job we are engaged in.

In connection with this matter of an American standard of living, I should like to say that I voted Wednesday and today against the proposition that wages should be frozen, that wages should be controlled, along with prices. I voted against that amendment because I had been convinced by a study of the facts that increased wages are not responsible for the increase of prices, and that freezing wages would be a step in the Hitler direction—a step toward the destruction of the rights of the working men and women of America.

Selling prices have risen in advance of wage rates. A comparison of price increases and wage increases in any given period will demonstrate this fact. Since the war began prices have advanced more than 20 percent, while the income of labor has increased less than 6 percent, including income from increased employment and overtime payments.

The prices which have advanced most of all are the prices of commodities least affected by labor costs. Raw material prices have risen by 31.7 percent, semi-manufactured goods by 20.1 percent, finished goods by 15.7 percent, and durable goods by 11.2 percent. The greatest increase has been in the price of raw materials, which are least affected by labor costs. The smallest increase has been in the price of durable goods, which are most affected by labor costs. Wages, apparently, are not the factor most responsible for price rises.

The Office of Price Administration has discovered this from the experience to date in setting ceilings on the prices of 33 commodities. From discussions with the representatives of the industries and other information gathered in the process of setting the prices, the Office of Price Administration discovered that the following factors were causing the price disturbances:

Commodities	
Actual shortage of materials.....	24
Heavy forward buying.....	10
Hoarding.....	6
Increased costs.....	5
Profiteering.....	3

The only industry which claimed that a wage increase was a major factor was

bituminous coal. This is very interesting because the Bituminous Coal Commission, after continuous and thorough study of production costs, reports that during the last 3 years production costs have been reduced by 18 cents a ton. The recent wage increase of \$1 a day negotiated by the United Mine Workers of America increases production costs by only 17 cents a ton.

In industry in general, production costs have been lowered during the last few years and are being lowered still further at the present time in the industries with defense contracts. This is one important consideration in my vote against wage control.

The output of workers has increased and continues to increase. This alone is reason enough for increased compensation, even without considering the need for such increase in order to achieve a better living standard. From September 1937 to September 1941 the output per worker has increased by 16 percent according to the Department of Labor. Increased production in defense industries, improved machinery and methods, will further increase the output per worker, and for this reason alone we cannot allow freezing of wages.

I am further convinced that there is no logic to the proposition that wages should be frozen when I consider corporate profits. A glance at reports of the Federal Reserve System shows that 416 large corporations have a net profit increase of 31 percent for the first 9 months of this year, as compared to the first 9 months of 1940. No one can say that the products of labor have not been profitable or that industry cannot afford to pay a just compensation to labor.

Finally, in connection with this question of wage control which would reverse our entire labor policy and destroy collective bargaining, I should like to comment on the relation of wage control to inflation.

We are all opposed to inflation. We are all agreed that measures must be taken to prevent inflation, which would play havoc with our standard of living.

We are also agreed, I think, that inflation may occur when we do not produce sufficient consumer goods to satisfy the purchasing power in the hands of consumers.

However, inflation will not result from placing purchasing power in the hands of the working people, the low-income group, while there are idle plants and more than 5,000,000 unemployed Americans who could produce more of the food, clothing, and housing which are so badly needed.

I am not advocating business as usual so far as durable goods are concerned, because they are made in plants and from materials badly needed in the battle to defeat Hitler. I do advocate, however, that Congress give its attention to the problem of civilian supply and consider this problem in relation to the inflation which is threatening us. I do advocate that the Congress should do everything in its power to help satisfy the consumer demand for basic commodities such as food and clothing and housing. There is no sound reason for limiting the purchasing

power of low-income Americans. Let us at all times remember that we are not using the vast human, natural, and industrial resources of America to full capacity producing our basic necessities.

Mr. STEAGALL. Mr. Chairman, I move to strike out the last word. I am somewhat amazed at the tenor of some of the speeches this afternoon, and at some of the contentions that have been made. If some of the things we have been told are true, it seems to me that it is time for us to stop, look, and listen before we go any further with our international policy. If some of the views expressed here are true, I think our Government would find itself so hampered that we could not conduct a contest with a foreign foe of formidable strength, without absolutely disrupting our own free institutions in the United States.

Mr. Chairman, I want now to read a little history that I think pertinent in the light of some of the things that have been said in this debate. On April 9, 1935, when this Nation was at peace with the world, there was submitted for the consideration of the Congress a bill that conferred powers on the President of the United States far in excess, in scope and significance of anything embodied in the bill now under consideration. When that bill was before the House we were not at war, there was no threat of war, and there was no provision for conscripting an army in the United States.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. Not now. Let me read some of the provisions of that bill:

SEC. 2. During the period of any war, whenever in the sole discretion of the President he shall determine that any maximum price, rent, rate, commission, compensation, or reward shall be adjusted either upward or downward, he is hereby authorized to make and publicly proclaim such adjustment, and such adjustment shall have the full force and effect under this statute of such price, rent, rate, commission, compensation, or reward before such adjustment.

(b) Furthermore, the President is authorized to close all stock and commodity exchanges in the United States of America if in his sole discretion it becomes desirable in order to curb speculation.

SEC. 3. Likewise, during such time of war declared by Congress, the President shall have power to determine and publicly proclaim from time to time the material and financial resources, industrial organizations, and public services over which Government control shall then be necessary and to commandeer same for use by the Government and such control and commandeering shall be exercised by him through agencies then existing or which he may then create for such purposes: *Provided*, That nothing in this section shall be construed as conscription of those employed in industry.

Mr. Chairman, upon a record vote in the House on that bill, extracts from which I have just read, our esteemed friend from North Carolina [Mr. COOLEY] voted in the affirmative. That is shown on page 5326 of the CONGRESSIONAL RECORD of April 9, 1935. Every provision that has been objected to in this bill, without restraints and limitations which this bill carries, was embodied in the bill to which I have called attention, and without any of the limita-

tions and restraints embodied in the pending bill. The gentleman from North Carolina [Mr. COOLEY], who contends that what we are attempting to do now in time of war, at this time when he and others of us have voted to take the blood of the boys of the Nation to defend our flag and the democracies is violative of our constitutional guaranties and our free institutions. He stands here and tells us that we cannot fix the price upon commodities and goods and materials necessary for the support of our Army and our Navy. We can take the farmer's boy by conscription to die in the Nation's defense, but according to his contention we cannot touch his bale of cotton or his bag of wheat. God help us if this country has come to that.

[Here the gavel fell.]

Mr. CREAL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I judge that some time or other in your public life you have been on the spot, as it is called. I was home on business and hurried back here, keeping in daily touch with my office as to when this bill would be up for a vote. I left home with the expectation of voting for this bill. I am not going to do it. The reason you have me on the spot is because I represent one of the largest burley-tobacco districts in America. The committee took the attitude that I wanted some sort of exception made for Kentucky; something special that other boys were not getting. I called attention to the fact that, unintentionally on the part of the committee, you had made a discrimination against Kentucky, just as if the bill had said, "This shall apply to all places except Kentucky." What was the reason? I am a member of the Committee on Agriculture and am interested in that subject. Everything that comes out of the ground had a market price in the markets of the world on October 1 this year except burley tobacco. We have not sold yet. We open the warehouses next week. You want to freeze this price at what the market price was on October 1, 1941. There has not been any market price for 7 or 8 months. Then you have got to go back to 1940. All of you farm boys and wage people have suffered a slight tilt upward in 1941 over 1940. Just as though it had been done maliciously and you had written in for the purpose of discriminating; I pointed out that that was the effect, and that I was not asking any special favor, but trying to get into your bill for equal protection. But your bill now reads this way in substance, that all farm products shall be appraised as of its prevailing market price on October 1, 1941, except burley tobacco, which shall be October 1, 1940, probably 10 cents below.

Now, if I had not already called your attention to that fact I might have offered the flimsy alibi that I was asleep and that it was an oversight. But having once in this record called to your attention that fact, and then turn around and vote for such a damnable thing—I am not going to do it.

If I come back here, it will be from the Fourth District of Kentucky, and as long as I am here I am going to represent home folks first. That is my pro-

gram. That is why I am going to vote against this bill.

Now, they think I do not have any sense about the tobacco business because I come from the country. I called your attention to the tobacco-grading business. You did vote it down, and then you discovered you were mistaken, and you came back and put it in. Whenever everybody else under the sun got the processing tax except tobacco people, you turned me down three times in a row, and Senator Minton put it in and you liked it. Now, if this goes to the Senate, it will be corrected, but I am not going to take the risk of voting anywhere for such discrimination.

You are not willing to give any Member of the House credit for anything he says, but readily accept it if it comes from the Senate. That which you have voted down will be in that Senate bill, and you will take it and like it if it comes back here. But for the present I am not going to do it. Farm prices have advanced only 29 percent and wages 300 percent.

You leave the road wide open for the farmer to have to pay higher prices for what he buys and then put a fence across the road if he attempts to move up to keep pace with the high prices he pays. There is no equality in that. Wages are at the other World War figure and farm prices less than half the World War price.

Mr. BOGGS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, there has been a general misconception on the part of the House relative to this particular provision in the agricultural section of the bill. For the benefit of the gentleman from Kentucky, who just preceded me, let me state there are three standards in this bill which determine the price of agricultural products. The first is 110 percent of parity. Now, in that provision there is a conception of parity established by law for all of the various grades and types of tobacco. The second is the price prevailing on October 1, 1941. There are any number of commodities, not along this particular type of tobacco, which were not being marketed on October 1, 1941. The reason that provision was put in the bill was to take care of many commodities which were selling at above 110 percent of parity, so that their price would not be depressed. There are several fine examples: Cottonseed oil, beef, eggs, and several other things. The third standard in the bill—and this, too, would be applicable to tobacco—is the average price prevailing from 1919 to 1929. So tobacco of all types and grades, as well as every other agricultural commodity, is covered in this bill as it is now written.

Mr. CREAL. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I yield.

Mr. CREAL. Then by the gentleman's own statement he admits that for all agricultural commodities except burley there are three yardsticks, but for burley tobacco only two?

Mr. BOGGS. That is not true; there are three yardsticks which are put in the bill in such fashion that we can be fair

to all types of agricultural commodities. Mr. SPENCE. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I yield.

Mr. SPENCE. I also come from Kentucky, and the main crop of my people is tobacco. I told the gentleman from Kentucky [Mr. CREAL] that when we go into conference—and I think I shall be one of the conferees—I will try to put that back in the bill, and I hope we shall be able to do it.

Mr. BOGGS. I appreciate the contribution of the gentleman from Kentucky.

Mr. Chairman, I believe a study of this bill will reveal that there are many commodities which do not come under the October 1, 1941, provision. If we write in this particular type of tobacco, we would have to write in many other commodities.

[Here the gavel fell.]

Mr. KEEFE. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The last word has been stricken out five or six times. The gentleman rises in opposition to the pro forma amendment and is recognized for 5 minutes.

Mr. KEEFE. I observe, Mr. Chairman, that the last word has been stricken out a great many times, and some of the distinguished gentlemen who happen to be privileged to be members of this committee have stricken it out a great many times.

This happens to be the first time that I have assumed the privilege of attempting to speak on this important bill, and I would not say a word now—I have been a good listener—were it not for the fact that the distinguished chairman of this Committee on Banking and Currency saw fit to attempt to castigate, may I say, the distinguished gentleman from North Carolina [Mr. COOLEY]; and in that rather frantic attempt to belittle the statements made by the gentleman from North Carolina, the distinguished chairman had before him and read from H. R. 5529 an act that was passed by the House of Representatives in 1935. The gentleman from Alabama referred to the fact that the gentleman from North Carolina voted for this specific act, and then he read from it and attempted to demonstrate that this act contained more far-reaching powers than the bill now under consideration. The thing the distinguished chairman failed to mention—and I assume it was through inadvertence and excitement, from his manner of speech—was to read the first part of this bill, which states; listen:

That whenever Congress shall declare war, from and after a date prior to such declaration which date the President is hereby authorized and directed to determine and publicly proclaim—

Such and such powers are given to the President of the United States.

Now, I want to ask the distinguished chairman: Does he contend that the Congress has in some subtle manner declared war? If so, his argument would have some potency and some logic. I do not recall that the Congress has yet declared war or that the President has

issued any such proclamation; and I, for one, am not going to give the powers vested in that act which failed of passage, by the way, in the Senate; I am not going to give those powers unless and until the time comes when the Congress of the United States, in its discretion, sees fit, perchance, to make a declaration of war in a constitutional manner. And so I call it to your attention in order that the record may be clear. When the gentleman from North Carolina voted for that bill, as did many other Members of this House, he was voting for a bill which would become effective only after the Congress of the United States, by formal action, had declared war. I am astonished that the distinguished chairman of the committee would attempt, by his remarks, to leave the impression that there is any similarity between that bill and the bill that is under present consideration.

Mr. RANKIN of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I yield.

[Here the gavel fell.]

Mr. RANKIN of Mississippi. Mr. Chairman, I ask unanimous consent that the gentleman from Wisconsin may proceed for 5 additional minutes.

The CHAIRMAN. Is the gentleman from Wisconsin requesting additional time?

Mr. KEEFE. I will request 1 additional minute in order to answer the gentleman's question.

The CHAIRMAN. Without objection, the gentleman may proceed for 1 additional minute.

There was no objection.

Mr. KEEFE. I yield to the gentleman from Mississippi.

Mr. RANKIN of Mississippi. There has been a great deal of misinformation spread around here about the bill to which the gentleman referred. That was the bill that the Legion, the service men of the country, sponsored to take the profits out of war. Their argument was that if we waited until we declared war the war profiteers would see that we never did reach them, and that is the reason that bill passed the House. It was to take the profits out of war, to stop the profiteering in war that we had during the last World War. It was sponsored by the American Legion and the Veterans of Foreign Wars.

Mr. KEEFE. I think the gentleman will recall that by the very terms of the bill itself it did not become effective until after a formal declaration of war had been passed by the Congress in a constitutional manner.

Mr. RANKIN of Mississippi. That is correct, and the reason they undertook to pass that in advance was this: They said if we waited until the declaration of war, then we might have difficulty in passing a law to take the profits out of war.

Mr. KEEFE. Mr. Chairman, in accordance with the full statement of the chairman of the Committee on Banking and Currency, we are asked to vest those same powers now in this bill. I, for one, cannot do it.

[Here the gavel fell.]

Mr. CASEY of Massachusetts. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I get some satisfaction out of arising here and saying, "I told you so." I am going to recall, probably unpleasantly to many of you, that I introduced a resolution on June 27, 1941, not for Mr. Henderson, not for any dictators, not for anybody outside of the Congress, but for our own congressional committee to investigate the increasing spiral rise in prices. I have the record vote here.

I am a little tired of listening to these unconstitutional objections, these big, brave words we hear about half-baked bills. The proposition is this: Do you want inflation or do you not? I do not believe you know the meaning or the consequences of inflation.

The gentleman from North Carolina talked about unconstitutionality; he talked about Henderson and dictators; he talked about protecting and preserving America. Why, on June 27, he did not know there was danger from inflation. On page 5744 he asked me if I thought there was going to be a rise in prices in this emergency. He thought it was incredible that there was going to be a rise in prices because of an emergency. On page 5748, June 27, he asked the gentleman from Michigan [Mr. CRAWFORD], who was speaking, "Would not the efforts of this committee to investigate rises in prices duplicate the organization headed by Leon Henderson?" In other words, he used Henderson's organization to block that vote in the interests of the consumers.

Mr. COOLEY. Will the gentleman yield?

Mr. CASEY of Massachusetts. I cannot yield. If the gentleman wants to say I misquote him, I yield.

Mr. COOLEY. The gentleman knows I am not rising to say that he misquoted me. If he declines to yield for other purposes, that is all right.

Mr. CASEY of Massachusetts. My basis is sound. My logic or my reasoning may be open to question but my statements are accurate.

There is an inability, a failure to grasp the consequences of doing something to balk inflation. There are labor groups, farm groups, Republican politics, all rearing their heads in this proposition. I would vote for the Gore bill, I would vote for the Steagall bill, I would vote for whatever bill comes out of this committee which would tell the consumers of this country that at least this Congress has not abdicated in time of crisis.

Why, the minority leader, for the Republican Party stated, "I cannot vote for this bill because it is half-baked." I want the country to know that the Republican Party in this House, under the whip of its leadership, is voting to block price control because they are playing party politics with the welfare of the American people.

On June 27, 1941, there were but six members of the Republican Party voted for an investigation in the rise in prices, the gentleman from Maine [Mr. OLIVER], the gentleman from Wisconsin [Mr. MURRAY], the gentleman from Ohio [Mr. VORV], and the gentlewoman from

Maine [Mrs. SMITH], the gentlewoman from Montana [Miss RANKIN], and the gentlewoman from Massachusetts [Mrs. ROGERS]. These women know something about the problems of the housewife.

They are playing politics here, Mr. Chairman. They say this is half-baked. If this bill is half-baked, the Gore bill was not half-baked. You did not support that. You had the Casey bill for an investigation of rising prices. You did not support that. Make your record. There were three chances to do something for the consumer; there were three chances to protect the public. You have made a record, but it is a negative one. Three strikes are all you are allowed. If you had a choice of strawberry, vanilla, and chocolate, you do not like the ice cream. You do not like this kind of legislation. You are willing to risk inflation for party politics.

When you go back to your districts and speak on the Fourth of July about "We the people," the people, knowing of your lack of interest at this time, are going to say, "You did not mean 'we the people.' You meant 'Wheel the people.'"

[Here the gavel fell.]

Mr. DITTER. Mr. Chairman, I move to strike out the last five words.

Mr. Chairman, under ordinary circumstances I would only have the highest regard for the opinions of my distinguished friend from Massachusetts, but after the deliberate statements he has made by which he was willing to cast aside all regard for the basic law, the constitutional restraints and limitations, in order to provide a way and a means to cure or cope with inflation, I must confess that I am not only aggrieved, I am exceedingly disturbed.

Knowing that the gentleman is a distinguished lawyer from the State of Massachusetts, I wonder if he were gracing at the present time or if he will grace in the near future the Federal bench—

Mr. CASEY of Massachusetts. Will the gentleman yield? I would like to answer that.

Mr. DITTER. I refuse to yield.

Mr. CASEY of Massachusetts. The gentleman is making an unfair statement and it is rather cowardly not to yield.

Mr. DITTER. Mr. Chairman, to take up after the point of interruption, knowing the gentleman as I do, I wonder if he were gracing the Federal bench and if this present bill were to come before him and he were to pass on the constitutionality of the measure, whether he would cast aside with the same disdain and disregard the requirements of the basic law of the land as that which characterizes the appeal he has just made?

Mr. CASEY of Massachusetts. Is the gentleman asking me a question?

Mr. DITTER. I have not asked the gentleman a question and I do not yield.

I want to remind the gentleman from Massachusetts, were he to come to that elevation, that Justice Cardozo on one occasion in a case that I believe is on all fours with this, when delegation of power was made by this Congress in the days of the N. R. A., characterized it as "vagrant and unconfirmed power," as "power running riot," and in no uncertain terms that liberal jurist defended

the basic law of the land. He refused to approve the philosophy that the distinguished gentleman from Massachusetts has just espoused, that the end justifies the means. I believe that is a pernicious philosophy. I believe it is a dangerous philosophy. I believe it is the kind of philosophy out of which dictatorships come. If democratic principles, if the American philosophy is to prevail, then there must be some regard for the landmarks and the constitutional provisions that have been given to us as heritages.

I deplore the day that in this Chamber we should come to the low level that constitutional restraints can be cast to the winds, that dictatorship can be accepted as a necessary means to an end, that the danger of inflation is such that we must embrace any and all cures that can be offered, either by the majority or by parts of the majority, as a means of curing the ills from which we presently suffer or those that threaten.

I want to quote just one word, and I quote it to my distinguished friend from Massachusetts. I do this to confirm, if there is any uncertainty with reference to this law, what Mr. Henderson himself says about this proposal. I take this out of the mouth of the Administrator in the course of the hearings on the second deficiency appropriation bill.

[Here the gavel fell.]

Mr. DITTER. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

Mr. CASEY of Massachusetts. I object.

Mr. DITTER. Mr. Chairman, I renew my request and ask unanimous consent to proceed for 2 minutes.

Mr. CASEY of Massachusetts. Reserving the right to object, Mr. Chairman, will the gentleman yield to me in order to correct some statements he has made, if he gets these 2 minutes?

Mr. DITTER. Mr. Chairman, after I have finished the quotation, if I have made any misstatement I shall certainly yield to my distinguished friend from Massachusetts for a correction.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. DITTER. Having Mr. Henderson under examination, this was my question:

But insofar, sir, as the voluntary element steps out and the compulsory element steps in, the necessity of the projection of controls becomes greater, does it not?

We were referring to price control.

Mr. Henderson's answer:

That is correct. But I would like to say this: That you can get acceptance of a ceiling and get voluntary compliance, and if you do not get that general acquiescence by the major producers there is no system of control short of an antidemocratic control that could keep prices in line.

My further question:

But that is what you have characterized as an anti-American plan?

Mr. Henderson's answer:

That is correct.

That is the admission of Henderson himself, an un-American plan, an anti-

democratic plan, is the measure that you are presently sponsoring and that my distinguished friend from Massachusetts has just pleaded for in such eloquent terms.

Mr. CASEY of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. DITTER. I yield to the gentleman for a correction of any misstatement I may have made.

Mr. CASEY of Massachusetts. I ask the gentleman this question: What constitutional question is involved in a congressional committee named by the Congress to investigate prices?

Mr. DITTER. I did not refer to that matter.

Mr. CASEY of Massachusetts. But the gentleman voted against it.

Mr. DITTER. I am referring to the present bill, which has for its purpose more than the investigation.

Mr. CASEY of Massachusetts. The gentleman voted against every bill, regardless of constitutionality.

Mr. DITTER. It has for its purpose the control of prices and the breaking down of every protection of our American way of life.

Mr. Chairman, on July 30, the President, in a special message to the Congress urged the enactment of price-control legislation. We warned the country at that time that inflationary price rises and increases in the cost of living are today threatening to undermine our defense effort. I believe the President was wise in sounding the warning, even though a bit tardy in reaching the conclusion. I believe much could and should have been done at an earlier day to avoid the dangers of which the President warned. It is this failure which makes inflation the ominous threat that it is today.

We need not dwell at length on a discussion of the effects of the inflationary trends today. Every housewife and every household provider has already felt the effects. They are not interested in the academic phase of the problem as experts may explore it. They know the problem more intimately and acutely in terms of soaring prices and in decreasing purchasing power. They know it as they figure how much butter and how many eggs can be provided in exchange for a dollar. They know it as they add up the number of dollars that will be required to buy the coats and shoes for the family for the winter. The disturbing effects of the trend have already been felt. But, as disturbing as these effects have been thus far, they are inconsequential compared to what may follow unless some means can be found to put a stop to the spiral of prices now under way. That which may be disturbing today can very easily be disastrous in the immediate future. In fact, such will be the case, unless the brakes are applied, for the forces which have caused the present rise in prices will continue to influence our domestic economy in even greater measure in the future than they have up to this time.

As we continue to increase the output of dollars in the defense program, and as we continue to decrease the things which those dollars may buy, the inevitable re-

sult will be that more dollars will be required to purchase the decreasing number of things available. Dollars will have less value. Every automobile that must give way to a tank on the assembly lines of one of our manufacturers, every radio that is pulled out of production for an essential defense item, every yard of cloth that is kept off the looms for a yard of khaki, every one of the hundreds of commodities that are being diverted into the defense program from the customary channels of consumption means that the remaining number will command a higher price in every market place in the country. If there are only 7 automobiles in the showroom where under ordinary circumstances there would be 10, with no chance of getting the missing 3, and there are more people with dollars to buy those 7, common sense tells us that those 7 will command a better price. As the volume of dollars increases and the volume of goods decreases, the value of the former drops and the value of the latter jumps. It is this process which the administration seeks to check by the bill which it has urged for enactment and which is now before us. There is much doubt in my mind as to whether the legislation in its present form will accomplish the purposes sought. And, what is more important, the attempted cure will be worse than the disease. If the administration's proposal, the bill in its present form, is enacted, private enterprise as we have known it here in America would be brought under the iron heel of an arbitrary administrator.

I am persuaded, however, that the cause of inflation is not so much the shortages of available goods as the extraordinary expansion of money income which encourages competitive bidding for the available goods and services which are desired. In this field the administration could, if it would, remove a substantial part of the cause of the dangers which threaten.

Before discussing the merits and the demerits of the proposal before us we should ascertain whether other suggestions have been made with the same objectives in mind and what, if anything, has been done with these suggestions.

Almost a year ago a special report on the subject was submitted to the Congress by the Federal Reserve System. Certain definite recommendations were made to reduce the hazards of inflation. To these recommendations have been added the opinions of leaders in finance and industry. Together they form a formidable array of experience and common sense. To date I know of nothing which the administration has done to put these proposals to the acid test of a practical application.

The Federal Reserve report to the Congress made four specific recommendations. It advocated the termination of the President's power to devalue the dollar, the withdrawal of the power to issue \$3,000,000,000 of greenbacks, the discontinuance of monetizing foreign silver, and the repeal of the power to issue silver certificates against the seigniorage on silver purchases. The importance which the Board attached to its recommendations

can be estimated by the forcefulness of the closing words of the report:

In the period that lies ahead a secure monetary system is essential to the success of the defense program and constitutes an indispensable bulwark of the Nation.

Thus far nothing has been done with these recommendations. The President may further devalue the dollar. He may issue the greenbacks. He may monetize foreign silver, and, on the basis of present silver stocks, he may issue more than a billion and a half dollars in silver certificates; that is, up to the full monetary value of such stock. He may exercise the inflationary powers delegated to him by the Congress in the early days of the depression, and thus further increase the potential dangers which have caused widespread concern in every part of the country. Subject only to his own discretion, the President may pour additional billions into the already swollen stream of funds which, because of its volume and current, is driving prices higher and higher day by day. I am at a loss to find any reason or excuse for the administration's failure to embrace these proposals. If the dangers of inflation are to be avoided, then recommendations, coming from the source these did, should be put into practice with all possible dispatch or a reason advanced for their rejection.

Can it be that the administration's real purpose in insisting on the enactment of the present measure is to bring to life the now long-buried N. R. A.? Is the "blue eagle," once securely caged by a Supreme Court opinion, to again flap its wings and screech its defiance of constitutional limitations? Is the emergency to be the excuse for another excursion by the Federal Government into the fields of private enterprise, so that the ambitions of those who sponsor this legislation may be realized by compelling the industrial life of the Nation to goose-step at their commands? Certainly there are foundations for these fears as we take a long-range view of the pronouncements and performances of the proponents of the bill.

I have already pointed out, Mr. Chairman, that these recommendations have been supplemented by the urgent suggestions of financial and industrial leaders. They have fared no better fate than the report of the Federal Reserve. These suggestions have taken on slightly different form depending on the individual or the group submitting them from time to time.

While the form may not have been exactly the same, the substance has been. There could be no mistake on that point. They all emphasized the necessity of a drastic curtailment in nondefense expenditures; the necessity of discontinuing the penalizing of farmers for planting as well as paying them a premium for not planting; the wisdom of selling the large accumulations of foodstuffs stored in Government warehouses or on the farms of the country; the necessity of putting a stop to waste and extravagance in every type of Federal activity; the need of calling a halt to many of the subsidies from the Federal Treasury whether these subsidies take on the form

of gigantic public works or are based solely on some social objective; the necessity of more work and less play so that more things may be made to meet the demands of both the military and civilian needs; and the necessity of facing the tax problem resolutely and conscientiously. I do not claim, Mr. Chairman, that any of these proposals standing alone, or that all of them taken together, would perform the whole task of halting inflation. Something more might be needed. But I do insist, Mr. Chairman, that alone and collectively they could be a part of a contribution of common sense which would decrease materially the dangers, and which would make drastic legislation of the type now before us wholly unnecessary.

I have already referred to the admission made by Mr. Henderson that compulsory price controls are not possible unless controls are established over all the factors which enter into the price of goods. Efforts have been made to get around this admission. Instead of serving their intended purposes, these efforts have emphasized the weakness in the present proposal and have disclosed the glaring inconsistencies in the arguments which have been advanced in support of the measure.

But aside from this admitted weakness in the bill the most dangerous features are the delegations of power which it contains. No better description of the power sought by the Price Control Administrator under this measure can be found than the words of Justice Cardozo in his N. R. A. opinion, when he said:

Here in effect is a roving commission to inquire into evils and upon discovery correct them.

This is what Mr. Henderson seeks to do—to have a "roving commission" to do as he sees fit with the domestic economy of the country. Again to quote Justice Cardozo:

This is delegation running riot.

How any vestige of private enterprise could survive such complete and comprehensive control is impossible to imagine. Under the licensing power which is made a part of this bill and under the power to purchase commodities which would be vested in the Administrator, the entire business life of the Nation would be controlled by a far-flung Federal agency with an administrator in charge in Washington. Discretionary power, a plenitude of power, of this kind is dangerous. It is more than dangerous. It is destructive of our free institutions, for where there is no free economy there can be no hope for other freedoms.

Reasonable proposals have been made to modify the present measure so as to preserve the protection to private enterprise which is essential if it is to survive. They have been rejected by the proponents in a peremptory manner. Arbitrary power seems to be the major ambition of those who advocate the enactment of the bill. Against this danger I believe we must always be on guard if we are to vouchsafe to others our heritages as freemen.

The words of the Administrator recur to me, Mr. Chairman—"undemocratic"

and "un-American." This is the opinion of the Administrator, mark you—not my opinion—that the proposal which we are asked to approve is undemocratic and un-American. Have we come to this pass? Have we come to the point where undemocratic and un-American measures must be accepted and approved as the only means of safeguarding our economic security? Have democratic processes and American principles reached such a low level that they cannot any longer be depended upon as a way of life? Have we come to such a sorry state that dictatorship, in form if not in name, must be resorted to as our means of salvation? Must we fasten upon ourselves the yoke of serfdom in the illusory hope of defending freedom? Has the faith—the flickering flame of our faith in self-government—has our faith in ourselves and in our institutions given way to the desperate and dangerous doctrine that the end justifies the means? Are we to stand convicted before the world—this world in which dictatorship raises defiantly its ominous threat against freedom—are we to stand convicted as incapable of meeting the problems of today without forsaking the treasured heritages which have successfully defended freedom? Must constitutional limitations, constitutional safeguards—yes; and constitutional responsibilities—be recklessly abandoned in the hope that the fetters which would be forged for us will give us contentment, security, and the privilege of the pursuit of happiness? In a word, do we admit that democratic processes and American principles are a failure? I cannot reconcile myself to this admission.

I am persuaded, Mr. Chairman, that the landmarks can be preserved; that the basic law, the fundamental law, the Constitution, can be safeguarded and saved from the destructive forces of dictatorial methods; that within the framework of our system of government ways and means can be devised which will serve the purposes of preventing the peril of uncontrolled inflation; that the rich storehouse of resourcefulness of the American people will have a remedy available for the threatened ills if we but diligently search for it; that economic safety and security can be vouchsafed to us as a part of the American way of life and as the possessions of freemen.

Mr. Chairman, I have an abiding faith in freedom and in the capacity of freemen, and from that faith I shall not retreat.

Mr. McCORMACK. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, it is very evident that the logic of the remarks of the gentleman from Massachusetts [Mr. CASEY] has seriously disturbed the Republican Party. That is evidenced by the fact that the most able advocate of the Republican Party in this House, the gentleman from Pennsylvania [Mr. DITTER], immediately rose, flushed to the extreme, showing that the gentleman from Massachusetts [Mr. CASEY] had penetrated his political skin.

Mr. DITTER. Will my distinguished friend from Massachusetts yield?

Mr. McCORMACK. Certainly.

Mr. DITTER. Knowing my distinguished friend from Massachusetts as I do, I can only say I express regret that he feels that any such humble effort as mine would necessitate a reply from him.

Mr. McCORMACK. Does the gentleman from Pennsylvania deny my assertion and allegation that he is the ablest advocate on the Republican side?

Mr. DITTER. I categorically deny the charge.

Mr. McCORMACK. The modesty of the gentleman is the best evidence that my statement is correct, and emphasizes its truth.

Mr. DITTER. I should like the distinguished leader to yield now for one more correction.

Mr. McCORMACK. When I make one more statement the gentleman will probably want me to yield.

I am rather sorry to see the gentleman from Pennsylvania [Mr. DITTER] whose eminent fairness is known to all, take a little poke below the belt, as we would say if we were agitating outside or speaking in the common parlance of the day, when in order to try to minimize the effective argument of the gentleman from Massachusetts [Mr. CASEY] he undertook to intimate, to say the least, that the gentleman from Massachusetts might be interested in a judicial appointment.

Mr. DITTER. I hope my friend will yield.

Mr. McCORMACK. Yes; I would like to yield to the gentleman.

Mr. DITTER. I know my distinguished friend wants to be fair.

Mr. McCORMACK. That is why I made reference to it, so the gentleman could correct that impression.

Mr. DITTER. I certainly only wanted to be complimentary to my distinguished friend from Massachusetts.

Mr. McCORMACK. The gentleman from Pennsylvania has a very peculiar way at times of being complimentary to a Democrat.

Mr. DITTER. May I remind the distinguished majority leader that I paid the compliment to my friend that I recognized him as an outstanding lawyer at the bar of Massachusetts and knowing that the President is always mindful of men such as he to elevate them to the Federal bench, I naturally felt he would be one who would be recognized by the favor of the administration.

Mr. McCORMACK. So the gentleman does admit that it was just a little below the belt?

Mr. DITTER. No; I make no such admission and I shall certainly apologize to my friend from Massachusetts now if any such inference were taken.

Mr. McCORMACK. Now the gentleman rises to that position that he logically should occupy, the position of a profound gentleman, and from which he temporarily strayed. I am glad to see him back home.

Mr. DITTER. Mr. Chairman, will my friend yield?

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. McCORMACK. I am sorry.

Mr. HALLECK. Mr. Chairman, I move to strike out the last 7 words and I am not going to take all the time

allotted me, but it seems to me something has been injected into the debate that should not be in it. I refer to the charge that the Republicans are playing politics with this bill. I want to talk to you about that because it reminds me a little of the pot calling the kettle black and I say this in all sincerity, because it is a matter that should be clarified before the country.

I am on the Rules Committee and when the chairman of the committee in charge of this bill came before the Rules Committee, the ranking minority member stood shoulder to shoulder with him to get a rule for the bill. The chairman said there that his committee had voted 17 to 5 to report this bill which obviously included the votes of numerous Republican members. It was said there that the minority members on that great committee had worked side by side with the Democrats to write the bill and that there was an absence of politics all the way through.

Then the rule was adopted and the consideration of the bill was begun and then I do not know what happened, but some votes that were taken in the committee when Republicans and Democrats, without regard to politics, were voting on the merits of the bill, some of those decisions were reversed and by a political vote. After voting in the committee on a nonpolitical basis to take them out, the majority members of the committee put back into the bill the revolving fund and the licensing provisions over the strenuous objections of the Republican members. They reversed the action of that great committee taken at a time when politics was out of the window and I predict that nonpartisan action by the House is going to reverse them. I charge and you cannot deny it, that if there is any politics in this present controversy you started it. I am getting sick and tired of sitting over here and hearing false charges that the Republicans are playing politics with defense and other critical matters before the country, when time after time the only politics and strictly political action is on the other side of the aisle.

Mr. SMITH of Ohio. Mr. Chairman, I move to strike out the last 8 words, and ask unanimous consent to revise and extend my own remarks in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. SMITH of Ohio. Mr. Chairman, the measure before us—the price-control bill—is a vivid manifestation of the tragic road our Nation is traveling.

This bill has been under consideration by the Banking and Currency Committee for nearly 4 months. The hearings on it began August 5. I listened attentively to nearly all the testimony given by the administration and other witnesses. I attended practically all of the hearings.

As the printed hearings will show I also took an active part in the work of our committee on the bill. As the November 25 RECORD, on page 9108, will show, I have also made an attempt to study the fundamental causes of any

price inflation that may be threatening us now or in the future.

I have carefully gone over the price-control measures which were adopted by us during the World War. I have studied the present price-control measures of Great Britain and Germany.

Since first beginning consideration of this bill I have devoted my time almost exclusively, and have worked almost day and night, to inform myself of the true facts that are involved in it.

As a result of my efforts I am forced to come to certain conclusions:

First. This bill does not provide for the placing of ceilings over all prices.

Second. It specifically and directly provides for the fixing and control of farm prices. This may not appear to be so on its face; but I am convinced that once it is put into operation it will discriminate more and more against the agricultural group.

Third. It provides the greatest opportunity for favoritism.

Fourth. It sets up a virtual dictatorship over our entire economy, regardless of whether or not the licensing and certain other provisions are stricken from the bill.

I doubt if there is a man in this House who is more concerned about the dangers of inflation and finding a way to prevent inflation than myself. I think my past record in public office will substantiate this statement.

I am anxious to see legislation enacted that will protect this Nation against the hardships of inflation. But I want that legislation to be fair and equitable for all groups.

In our efforts to preserve our economy against the ravages of inflation, we must not lose sight of the dangers inherent in such legislation lest we destroy that which we would preserve. In other words, we must be very sure that what is left of our free economy will not be destroyed. The cure that we apply must not be worse than the disease.

The first steps in any effective price-control legislation must embody provisions for stopping the present dangerous inflationary policies of the Government itself.

This bill should be recommitted to the Banking and Currency Committee for further study and an effort made to write a fair, equitable, and safe bill, one that will go to the root of the matter instead of treating symptoms only.

Mr. HULL. Mr. Chairman, I rise in opposition to the pro forma amendment and ask unanimous consent to extend my remarks in the Record.

The CHAIRMAN. Is there objection? There was no objection.

Mr. HULL. Mr. Chairman, change or amend this bill as we may, still it will be an ineffectual measure for the purposes intended. At the same time it will create a new and high-powered Government agency, with thousands of employees, and at great expense, which will be in such control of business and agriculture that additional burdens will be placed upon both.

That it will not be sufficient to prevent inflation without much other and further legislation is declared by some of the

most eminent of its sponsors. Mr. Baruch declares that it will not work out as intended. Mr. Eccles declares that money and credit control must first be obtained to avoid spiraling commodity prices which lead to inflation. Secretary Morgenthau advocates it as a mere step in a program, and would fix all profits at 6 percent. He also demands an additional income tax of 15 percent to sap the buying power of the people, and increased social-security taxes to further burden wage earners and employers.

The Reserve Bank Board now is limiting installment purchases so that those of lesser purchasing power may leave the markets for many commodities to those of larger means who have the cash resources with which to purchase.

The propaganda for price control is well organized and widespread. Added to the other fears which mark our course toward that eventful "freedom from fear" which is to come, is the added fear of increased cost of living, the fear of an inflationary spiral and the fear of the collapse which is to follow.

Peculiarly, a larger part of the propaganda is directed toward the increased cost of food products, for which the farmers are blamed and toward whom this legislation seems to be especially directed. Not mentioned in the alarms sounded as to food costs is the fact that the farmers' portion of the consumers' dollar still is below 40 percent, while more than 60 percent continues to go to processors and distributors.

There is nothing in this bill, even with its special provision for protection of farm products which would compel the Price Administrator to protect the farmers against increased costs of processing and distributing their products.

It is proposed to establish a new administrative bureau which would engage the services of thousands of additional Government employees to regiment and control every line of business. Licensing of all dealers would place in the hands of that bureau life or death control over not only the larger business concerns, but also over every little businessman in the country, including the 135,000 smaller industries, many of which now are facing elimination or extinction because of a dearth of materials which they must have to operate. Not even in World War days was such extensive and autocratic control over the lives and livelihood of millions of people ever proposed. It is the N. R. A. inverted, with greater powers of regimentation.

As a remedy for inflation the measure is a greater threat than the malady for which it is prescribed.

There is a fundamentally wrong principle in this bill, which is that it would set up one standard for price fixing upon industrial commodities and another for agriculture.

It would permit the Administrator to set a price for the products of industries based upon cost and reasonable profit. It would insure industry and business against loss, even though not limiting profits.

On the other hand, it would base the price of agricultural products upon the outmoded and unjust parity scheme, re-

gardless of cost of production. Even the Brown amendment, while more just than 100 percent of parity, would not protect farmers against increased costs of distribution. They would have no protection against far lower than parity prices.

Any price-fixing bill which would provide a different standard of price fixing for agriculture than for industries, and leave farmers at the mercy of the monopolistic organizations which have fattened upon the farmers' depression and are becoming even more greedy with advanced prices, is neither just nor equitable. It would inflict upon agriculture wrongs as great as those which are alleged to come from spiraling prices and inflation and the consequent deflation. To give approval to such a plan is to sanction in advance another and even greater collapse of agriculture than that of the past decade.

This measure would make possible control of wages in industry and the income of farmers by fixing prices on the products which govern the wage scale and the farmers' income, but it would not affect the profits of the big industrial corporations nor those of monopolistic aggregations. Alone and without further legislation, it would permit increased costs of farm operation which so-called parity provisions would not govern. It would fix no level for the enormous fees and extravagant remunerations which are becoming common as the expenditures of billions are expended for national defense.

In 1940 the net cash returns of 6,000,000 farms were about \$4,600,000,000, the largest since 1929. In that same year the dividends of corporations amounted to about \$4,000,000,000. The Department of Commerce reports that corporation dividends for 1941 will be more than 40 percent above those of 1940. The income from dividends will exceed the national farm income this year. Still, the inflationary tendency of enlarged corporation profits will be disregarded if this bill is passed.

That the farmers are fully aware of the meaning of this legislation to agriculture is evident from the action of their meetings and conventions which have been considering it. As usual, all agriculture is asking is justice, and not special privilege. The farmers, after 15 years of depression, now are expanding production to a remarkable extent as their part in national defense. Certainly their patriotic endeavors should not be hampered or impeded by such legislation as this bill provides.

At the thirty-seventh annual convention of the National Farmers' Union, held last week at Topeka, Kans., and attended by delegates representing some 400,000 farm families who are members of that organization or of the many farmer co-operatives sponsored by it, the following point in its legislative platform for 1942 was adopted unanimously:

Place no ceilings upon farm commodity prices, since farmers will produce an abundance of farm commodities, thus assuring reasonable prices but requiring now, instead of ceilings, floors under farm prices; if despite this assurance of abundant supplies, which other industries are not able or willing

to make to the Nation, such ceilings are forced upon our record-breaking yields of food and fiber, then we insist that farm prices be set at levels yielding living income and capital returns comparable to those returned from other products; and that all forms of income, whether dividends, interest, profits, salaries, rent, or wages be also accorded exactly the same treatment, so that no individual, no matter how highly placed, shall succeed in escaping sacrifices equal to that which farmers would then be making.

The National Cooperative Milk Producers' Federation, in convention at Chicago, adopted the following in opposition to this bill:

We oppose rigid price fixing on agricultural commodities on any condition and particularly on the flimsy pretext that such action is essential to forestall inflation. With agriculture at complete disparity with industry and labor, we see no justification for a Federal policy of agricultural commodity price fixing.

In view of this position, we necessarily are opposed to the principles of legislation which have been introduced in Congress and are designed to authorize the fixing of price ceilings on agricultural products. Such legislation is predicated on the substitution of a philosophy of ceiling prices and get it if you can, for cushion prices. Further, such legislation obviously is inimical to the best interests of the Nation and agriculture, for it proposes to tie farmers to a depression parity formula and to fight a war on low commodity prices which, historically, cannot be achieved successfully.

We believe further that such legislation would throw into discard existing legislative programs and policies contained in such laws of Congress as the Agricultural Marketing Agreement Act, the triple A legislation, and the Commodity Credit Corporation authorizations, without an appraisal of either the merits, purposes, or accomplishments of such legislation.

If price fixing is forced upon us, we insist that the legislation contain (1) a formula which relates the prices of agricultural commodities to the rates of industrial wages, (2) adequate provision for periodic price adjustments, (3) a guaranty of minimum prices to producers, and (4) the preservation of the right to public hearings prior to the establishment of price ceilings as well as adequate court review.

The CHAIRMAN. The Clerk will read.
The Clerk read as follows:

PROCEDURE

SEC. 203. (a) Within a period of 60 days after the issuance of any regulation or order under section 2 any person subject to any provision thereof may, in accordance with regulations to be prescribed by the Administrator, file a protest specifically setting forth objections to any such provision and affidavits or other written evidence in support of such objections. At any time after the expiration of such 60 days any person subject to any provision of any such regulation or order may file such a protest based solely on grounds arising after the expiration of such 60 days. Statements in support of any such regulation or order may be received and incorporated in the transcript of the proceedings at such times and in accordance with such regulations as may be prescribed by the Administrator. Within a reasonable time after the filing of any protest under this subsection, but in no event more than 30 days after such filing or 90 days after the issuance of the regulation or order in respect of which the protest is filed, whichever occurs later, the Administrator shall either grant or deny such protest in whole or in part, notice such protest for hearing, or provide an opportunity to present further evidence in connection therewith.

(b) In the administration of this act the Administrator may take official notice of economic and other facts, including facts found by him as a result of action taken under section 202. Any proceedings under this section may be limited to the filing of affidavits, or other written evidence, and the filing of briefs.

Mr. WOLCOTT. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: Page 13, line 7, strike out all of section 203.

Mr. WOLCOTT. Mr. Chairman, in order to expedite consideration of the matter I might say that section 203 and subsections (a), (b), and (c) of section 204 are in conflict with the amendment recently adopted by the committee, and it is now no longer in order that they remain in the bill. I ask unanimous consent that section 204 be considered as read, and that three perfecting amendments may be offered and considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read as follows:

REVIEW

SEC. 204. (a) Any protestant who is aggrieved by the denial or partial denial of his protest, may, within 30 days after such denial, file a complaint with the Emergency Court of Appeals, created pursuant to subsection (c), specifying his objections and praying that the regulation or order protested be set aside in whole or in part. A copy of such complaint shall forthwith be served on the Administrator, who shall certify and file with such court a transcript of the proceedings in connection with the protest which shall include a statement indicating the economic and other facts of which the Administrator has taken official notice. Upon the filing of such complaint the court shall have exclusive jurisdiction to affirm or set aside such regulation or order, in whole or in part, or to remand the proceeding: *Provided*, That the regulation or order may be modified or rescinded by the Administrator at any time notwithstanding the pendency of such complaint. No objection to such regulation or order, and no evidence in support of any objection thereto, shall be considered by the court, unless such objection shall have been set forth by the complainant in the protest or such evidence shall be contained in the transcript. If application is made to the court by either party for leave to introduce additional evidence which was either offered to the Administrator and not admitted, or which could not reasonably have been offered to the Administrator or incorporated in the transcript, and the court determines that such evidence is material, the court shall order the evidence to be presented to the Administrator. The Administrator shall promptly receive the same, and such other evidence as he deems necessary or proper, and thereupon he shall certify and file with the court a transcript thereof, and any modification made in the regulation or order as a result thereof, except that on request by the Administrator, any such additional evidence may be presented directly to the court.

(b) No such regulation or order shall be set aside, in whole or in part, unless the complainant establishes to the satisfaction of the court that the regulation or order is not in accordance with law, or is arbitrary or capricious. The effectiveness of a judgment of the court setting aside in whole or

in part any such regulation or order shall be postponed until the expiration of 30 days from the entry thereof, except that if a petition for a writ of certiorari is filed with the Supreme Court under subsection (d) within such 30 days, the effectiveness of such judgment shall be postponed until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the case by the Supreme Court.

(c) There is hereby created a court of the United States to be known as the Emergency Court of Appeals, which shall consist of three or more judges to be designated by the Chief Justice of the United States from judges of United States district courts and circuit courts of appeals. The Chief Justice of the United States shall designate one of such judges as chief judge of the Emergency Court of Appeals, and may, from time to time, designate additional judges for such court and revoke previous designations. The chief judge may, from time to time, divide the court into divisions of three or more members, and any such division may render judgment as the judgment of the court. The court shall have the powers of a district court with respect to the jurisdiction conferred on it by this act to affirm or set aside, in whole or in part, any regulation or order under section 2, or to remand the proceeding, except that it shall not have the jurisdiction to issue any order or decree staying the effectiveness of any regulation or order establishing a ceiling. The court shall exercise its powers and prescribe rules governing its procedure in such manner as to expedite the determination of cases of which it has jurisdiction under this act. The court shall have a seal, hold sessions at such places as it may specify, and appoint a clerk and such other employees as it deems necessary or proper.

(d) Within 30 days after entry of a judgment or order, interlocutory or final, by the Emergency Court of Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment or order shall be subject to review by the Supreme Court in the same manner as a judgment of a circuit court of appeals as provided in section 240 of the Judicial Code, as amended (U. S. C., 1943 ed., title 28, sec. 347). The Supreme Court shall advance on the docket and expedite the disposition of all causes filed therein pursuant to this subsection. The Emergency Court of Appeals, and the Supreme Court upon review of judgments and orders of the authorizing such regulations or orders. Exclusive jurisdiction to determine the validity of negotiations and orders under section 2, and the validity of the provisions of this act authorizing such regulations or orders. Except as provided in this section, no court, Federal, State, or Territorial, shall have jurisdiction or power to consider such validity, or to stay, restrain, enjoin, or set aside, in whole or in part, any such provision of this act, or any provision of any such regulation or order, or to restrain or enjoin the enforcement of any such provision.

Mr. WOLCOTT. Mr. Chairman, I send to the desk two amendments in addition to the one already pending and I ask that the three may be considered en bloc.

The CHAIRMAN. Is there objection? There was no objection.

The Clerk read as follows:

Page 14, line 11, strike out subsections (a), (b), (c), and (d) of section 204.

Mr. WOLCOTT. Mr. Chairman, section 203 has to do with the procedure which has been included in the amendment which has been adopted. Section 204 has to do with review, which has

provided in the amendment which has been adopted, that there be a review of the ceilings placed by the Administrator, by the Administrative Board of Review, and it is my intention that a certiorari, or a review may be taken to the circuit court of appeals and from the circuit court of appeals to the Supreme Court, in the same manner as we now review the determinations, findings, orders, and regulations of such administrative agencies as the Security and Exchange Commission, the Federal Trade Commission, and others. It is my purpose to create exactly the same procedure for a judicial review of the determinations by the Board as is now provided for a review of decisions of other administrative boards.

Mr. WALTER. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. Yes.

Mr. WALTER. Who will represent the Government agencies?

Mr. WOLCOTT. I understand the law to be that the Department of Justice can be called upon by any administrative agency of the Government, but lately we have authorized the attorneys named by the different administrative agencies to represent them.

Mr. WALTER. That was not the fact in the language of the original bill?

Mr. WOLCOTT. No. But if there is no language, then the Department of Justice will represent the administrative agency, if I understand the procedure.

Mr. WALTER. Then it is your contention that the Department of Justice should represent the United States in case of appeal?

Mr. WOLCOTT. Yes. If it is found desirable that a lawyer representing the administrative agency sit with the Department of Justice, he can be designated or named for that purpose by the Department of Justice, as I understand it.

So, Mr. Chairman, I offer this amendment to strike out section 203, having to do with procedure and subsections (a), (b), and (c) of section 204 having to do with the review, and rewrite subsection (d).

I believe there is an amendment on the Clerk's desk which should be read for the information of the House, in respect to language in lieu of that contained in subsection (d).

The CHAIRMAN. The Clerk will read the amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: Page 17, strike out beginning in line 7 down to and including the period in line 22 and insert:

"(d) Within 30 days after the determination of the Board of Administrative Review any person aggrieved by such determination may file a petition to review such determination in the circuit court of appeals for the circuit in which the complainant resides, or in the United States Court of Appeals for the District of Columbia; and thereupon such court shall have the same powers with respect to such determination as in the case of an order of the Federal Trade Commission, under section 5 of the Federal Trade Commission Act. The order of the court shall be subject to review by the Supreme Court of the United States upon writ of certiorari, as provided in section 240 of the Judicial Code."

Mr. WOLCOTT. Mr. Chairman, the amendments speak for themselves. They are perfecting amendments, and I ask for their adoption.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Michigan [Mr. WOLCOTT].

The amendments were agreed to.

The Clerk read as follows:

ENFORCEMENT

SEC. 205. (a) Whenever in the judgment of the Administrator any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 4 of this act, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a proper showing a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

(b) Any person who willfully violates any provision of section 4 of this act, and any person who makes any statement or entry false in any material respect in any document or report required to be kept or filed under section 2 or section 202, shall, upon conviction thereof, be subject to a fine of not more than \$5,000, or to imprisonment for not more than 2 years in the case of a violation of section 4 (c) and for not more than 1 year in all other cases, or to both such fine and imprisonment. Whenever the Administrator has reason to believe that any person is liable to punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

(c) The district courts shall have jurisdiction of criminal proceedings for violations of section 4 of this act, and concurrently with State and Territorial courts, of all civil proceedings under section 205 (a). Such civil proceedings and any criminal proceedings may be brought in any district in which any part of any act or transaction constituting the violation occurred. Any such civil proceedings may also be brought in the district in which the defendant resides or transacts business, and process in such cases may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found. No costs shall be assessed against the United States Government in any proceeding under this act.

(d) No person shall be held liable for damages or penalties in any Federal, State, or Territorial court, on any grounds for or in respect of anything done or omitted to be done in good faith pursuant to any provision of this act or any regulation, order, or requirement thereunder, or under any regulation or order of the Administrator of the Office of Price Administration or of the Administrator of the Office of Price Administration and Civilian Supply, notwithstanding that subsequently such provision, regulation, order, or requirement may be modified, rescinded, or determined to be invalid. The Administrator may intervene in any suit or action wherein a party relies for ground of relief or defense upon this act or any regulation, order, or requirement thereunder.

Mr. STEAGALL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Committee amendment:

Page 18, line 8, after the comma insert "or which constitute or will constitute the selling without a license of any commodity or commodities in any case in which a license is required as a condition of such sale," and in line 18, after the first comma, insert: "and any person who willfully sells, without a

license, any commodity or commodities in any case in which a license is required as a condition of such sale," and after line 26 insert:

"(c) (1) Whenever in the judgment of the Administrator such action is necessary or proper in order to carry out the provisions and purposes of this act, he may by regulation or order issue to or require of any person or persons subject to any regulation or order under section 2 establishing a ceiling on the price of any commodity, a license as a condition of selling such commodity. No such license shall contain any provision which could not be prescribed by regulation, order, or requirement under section 2 or section 202: *Provided*, That no such license may be required as a condition of selling or distributing newspapers, periodicals, books, or other printed or written material, or as a condition of selling radio time: *Provided further*, That no license may be required of any farmer as a condition of selling any agricultural commodity produced by him: *Provided further*, That the Administrator shall not have power to deny to any person a license to sell any commodity or commodities in any case where such a license is required of such person, unless such person already has a license to sell such commodity or commodities, or unless an order of suspension or revocation of a previous license, to the extent that it authorized such persons to sell such commodity or commodities, is in effect under paragraph (2).

"(2) Whenever in the judgment of the Administrator a person has violated any of the provisions of a license issued under this subsection a warning notice shall be sent by registered mail to such person. If the Administrator finds, after opportunity for hearing upon at least 10 days' notice, that a warning notice has been sent and that a violation of any of the provisions of a license has occurred subsequent to the receipt of such warning notice, he may by order suspend or revoke such person's license insofar as it authorizes such person to sell the particular commodity or commodities—specified in the regulation or order in question under section 2—in connection with which the violation occurred. Such suspension or revocation shall not confer any immunity from the other provisions of this act. Within 30 days after issuance of such order of suspension or revocation the licensee may file a petition to review such action in the emergency court of appeals. Thereupon the Administrator shall certify and file with such court a transcript of the record upon which the order complained of was entered. Upon the filing of such petition the court shall have exclusive jurisdiction to affirm or set aside, in whole or in part, the suspension or revocation of the license, or to remand the proceeding: *Provided*, That the Administrator may modify or rescind the requirement of the license or the suspension or revocation at any time notwithstanding the pendency of the petition to review. The court may, upon good cause shown, stay the effectiveness of the suspension or revocation. The revocation or suspension shall be affirmed if the finding of violation after receipt of warning notice is supported by substantial evidence in the record."

Page 19, line 2, strike out "for violations of section 4 of this act" and insert "under subsection (b) of this section."

Mr. STEAGALL. Mr. Chairman, I would like to ask the gentleman from Michigan if we might not agree on time for discussion of this amendment. Members, of course, are exhausted and would like to conclude consideration of the bill. Let me suggest that the matter has been pretty fully discussed and views crystallized. May we not agree on a short time for the consideration of this amendment and all other amendments?

Mr. WOLCOTT. If the gentleman would restrict it to this amendment I think we can agree to a time. I may say that I agree with the gentleman that the issue has been crystallized throughout the debates. There is no desire on our part to prolong debate any longer than is necessary for a full understanding of the amendment.

Mr. STEAGALL. Let us say we will have 20 minutes' further time on amendments altogether.

Mr. WOLCOTT. I think there may not be objection if the gentleman would restrict the time to 20 minutes on this particular amendment. I do not know of any other amendments which will take much time.

Mr. STEAGALL. Let us say 20 minutes on this amendment and 10 minutes on all other amendments, so that 30 minutes from now we can conclude consideration of the bill in committee.

I make that request, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. STEAGALL. Mr. Chairman, I recognize that Members are tired and would like to conclude consideration of this proposal. I want to take only a very brief part of the time to discuss this amendment.

This is the licensing amendment. The original bill had a similar provision which was stricken from the bill by a vote in the committee. This proposed amendment is a sort of substitute for that provision. The principal objection that seemed to apply more than anything else to the proposal was that it authorized the licensing of a business as such. The amendment changes that provision of the bill so that it applies only to different commodities or articles on the market.

The provision now proposed would not permit an over-all ceiling on any business institution. This plan of price control was employed during the first World War and it worked with great satisfaction and considerable success and without any great annoyance or harassment to the public. Complaints were surprisingly few. So we propose to confine the plan to licensing of particular articles, and any measures of enforcement that would follow could only be employed to the particular article as to which a ceiling had been applied and as to which a license had been required.

I hold the view, which does not seem to be entertained by many members of the committee, that the licensing method of enforcing observance of regulations is much preferable and far less drastic than resort to criminal prosecutions would be.

Criminal prosecutions would not exercise the same restraining influence over large institutions or persons of immense financial means that it would over the small businessman, the small dealer, the citizen of unlimited resources and unequipped for defense in the courts of the country. The large institutions have their staffs of lawyers employed at all times. It is not easy to convict large institutions or individuals who have immense financial resources for conducting litigation in the courts of the country.

The small dealer, the little businessman will obey either plan, but it is much less likely to result in hardship if enforced by licensing provisions than by criminal prosecutions.

Mr. GIFFORD. Mr. Chairman—

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. GIFFORD. Mr. Chairman, for just a moment in opposition to the amendment. I wanted merely to ask the Chairman a question and try to make it clear as to whether we find the margin provision still in his amendment.

Mr. STEAGALL. There can be no licensing on that plan. Under this amendment it is limited to the particular article or commodity.

Mr. GIFFORD. That is, as I tried to make plain yesterday, that if a license is used unparegorically the license is taken away until they make it paregorical. Is that it?

Mr. STEAGALL. I am sorry, I did not catch what the gentleman said.

Mr. GIFFORD. I used it very facetiously yesterday, but I will try to make it more specific: If the licensee of the various articles sells one in violation they do not take away his license except as to that one.

Mr. STEAGALL. That is absolutely so. That is the purpose of the amendment, to remove objections to the plan which we had hoped would remove all objections to this plan because it is so essential to the administration of this law.

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, a fundamental question is involved in the amendment. I had expected that there might be some compromise worked out on this, but it was impossible as I see it for any amendment in respect to licensing to be agreed upon, because in order to have been satisfactory to Mr. Henderson in the administration of this law there had to be some teeth in it and teeth in the licensing provision was the revocation of that license without adequate hearing.

I have said, and I repeat, that this is the provision which gives the Administrator, the Board or any other Administrative agency which may eventually administer this law a strangle hold on American industry and business. The committee have made two or three changes in this provision. We started out with a licensing provision, and then on my motion, the licensing provisions in the original bill were stricken as being unnecessary.

Miss SUMNER of Illinois. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Miss SUMNER of Illinois. I would like to call the gentleman's attention to the English bill, which is inserted on page 529 and following. They do not have any licensing provision in that bill except for second-hand dealers. They are required to register, but apparently are not licensed.

Mr. WOLCOTT. The committee met later on and adopted a committee amendment which, if adopted, would reinstate the licensing provisions. Today

they changed their mind once again and offer still another amendment.

The point I would like to make is this: The statement has been made over the air and in the press that there was no sanction to this law without licensing provisions, that there was no enforcement.

I call attention to the fact that they can go into any United States District Court and enjoin violations. They can have orders to show cause why injunctions should not be granted. If you violate the provisions of this law in any respect you are likely to go to the Federal penitentiary for 2 years, or pay a fine of \$5,000. Mr. Chairman, there is an enforcement power which is greater even than the courts themselves, and that is public sentiment. If Mr. Henderson should put a price of \$1.25 on silk hosiery and your wife or any of your women-folks walked into a store downtown and found a price of \$1.35 on silk hosiery, what would be their natural reaction? Why, that that store was not cooperating in national defense, and they would not pay this higher price. They would immediately report it. Public sentiment is one of the most effective sanctions of this law. Without favorable public sentiment and cooperation no price stabilization or price-control bill can be effectively enforced.

Mr. WALTER. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. WALTER. In the event this amendment were adopted, could it be possible that the manufacturer of defense articles could have his operations interfered with because one of his vendors had his license suspended?

Mr. WOLCOTT. Absolutely; it might operate to interrupt the flow of raw materials to the defense industries.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. HALLECK. It has been suggested that many prefer licenses as against criminal penalties. As I understand it, if this amendment is adopted as to licenses that would be in addition to criminal penalties, that criminal penalties still remain in the bill?

Mr. WOLCOTT. It is in addition to the penalties I have enumerated and in addition to the powers of the court to enjoin violations of the act.

Mr. ELIOT of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. ELIOT of Massachusetts. Did not Herbert Hoover as food administrator have and used far wider licensing power than anything contained in this amendment? And did he not testify that such licensing power was necessary for proper enforcement?

Mr. WOLCOTT. Is the gentleman going to vote against this bill because of something Herbert Hoover did?

Mr. ELIOT of Massachusetts. No. I am going to vote for this bill.

Mr. WOLCOTT. Herbert Hoover is of a different generation than I. In this respect I have a different viewpoint. At any rate, I am not going to do things just because Herbert Hoover did them,

much as I respect his judgment and respect him as a man.

Mr. MILLS of Arkansas. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I dislike imposing upon the Committee at this late hour and I am not going to use the full 5 minutes allotted me. I want to point out that the licensing provision now recommended as a committee amendment is not the licensing provision that was in the original draft of the bill which the Committee saw fit to strike from the bill.

The license provision in this committee amendment provides only that a license may be issued as to a particular commodity on which regulations and orders affecting ceilings have been issued under section 2 of the bill. The criminal provision of the license section applies only to the willful sale without a license of a commodity upon which a license is required. It does not make it a criminal offense for a person to sell a commodity on which a license applies when he does not have knowledge of the fact that a license must be in his hands.

Under the amendment no one can be refused a license. No license can be required of a farmer, of a newspaperman, or of a radio station. All the conditions of the license are subject to the protest and judicial review sections of the bill, so that the license can be tested judicially without risk of violation.

Let me call attention to something else. During the World War, when Mr. Hoover had charge of the Food Act, he made reports on numerous occasions to the effect that the licensing provision of that act and of that administration was the backbone of the control that he had over retail prices. At that time, as indicated by the gentleman from Massachusetts, Mr. Hoover was operating under a much broader license plan than this, a license plan that enabled him to issue regulations and orders or licenses upon marginal write-ups and inventories. Mind you, this licensing provision applies only to a commodity on which the Administrator under section 2 has the authority now in the bill to issue regulations and orders and ceilings. It does not go beyond that and, in fact, does not go to the full extent of the power in section 2.

Mr. THOM. Will the gentleman yield?

Mr. MILLS of Arkansas. I yield to the gentleman from Ohio.

Mr. THOM. The license only applies against a man who violates the ceiling prices?

Mr. MILLS of Arkansas. Yes. I am glad the gentleman mentioned that. A person may violate a license that has been issued to him once and receive a warning order by registered mail. He is not subjected to revocation of his license for having violated that provision on the first occasion. Should he subsequently violate the license provision he may have his license revoked as to the commodity on the sale of which he has violated the ceiling.

It seems to me that this provision the committee now offers is so considerably different from the one in the bill originally, and so much less offensive than

the provision that Mr. Hoover operated under during the World War that we cannot afford to have an objection to it.

Mr. BOGGS. Will the gentleman yield?

Mr. MILLS of Arkansas. I yield to the gentleman from Louisiana.

Mr. BOGGS. Is it not a fact that if we fail to adopt this very mild system we actually penalize people who conform to the regulations in favor of those who are bootlegging?

Mr. MILLS of Arkansas. I think the gentleman is absolutely correct.

Miss SUMNER of Illinois. Will the gentleman yield?

Mr. MILLS of Arkansas. I yield to the gentleman from Illinois.

Miss SUMNER of Illinois. How can the gentleman say it is less powerful than Mr. Hoover had in the World War when in the World War they set only a very few commodities, while in this bill the Administrator has the right to set the prices on everything in the United States except farm products and wages?

Mr. MILLS of Arkansas. I am sure the gentleman from Illinois will not have me anticipate the number of ceilings that will be issued under this legislation.

Miss SUMNER of Illinois. Mr. Ginsberg says he considers it unfair to regulate a few people unless he regulates everybody. That is his way of interpreting the Constitution.

Mr. MILLS of Arkansas. Mr. Chairman, you will recall that in the operation of the law by Mr. Hoover during the last war the records indicate there were not many people who went to the penitentiary, not many who were subjected to fines and imprisonment because of violations of the license provision. Licenses were revoked in some few instances, it is true, but the percentage of revocations was so small that all of us who can remember that period cannot remember of a single instance where a license was revoked within our community or in our own locality.

Mr. HALLECK. Will the gentleman yield?

Mr. MILLS of Arkansas. I yield to the gentleman from Indiana.

Mr. HALLECK. Did I understand that a licensing provision was in the original bill and was stricken out by committee action?

Mr. MILLS of Arkansas. That is correct.

Mr. HALLECK. Then subsequently after the bill was reported, was that same license provision voted back into the bill?

Mr. MILLS of Arkansas. The licensing provision that was voted back in the form of an amendment had three or four changes. I am sure the gentleman does not want me to point those out. The amendment now being offered is even different from the one that the committee voted as a committee amendment, and is much less offensive than the second amendment.

Mr. HALLECK. Was the second one substantially the same as the one originally in the bill?

Mr. MILLS of Arkansas. With three changes; yes. Mr. Chairman, I trust that this amendment will be agreed to. [Here the gavel fell.]

The CHAIRMAN. Permit the Chair to make an inquiry, in an effort to be fair. The Chair finds that the gentleman from Wisconsin [Mr. HULL], a member of the committee, has an amendment on the Clerk's desk to the amendment; is that correct?

Mr. HULL. I have an amendment at the desk; yes.

The CHAIRMAN. To the pending amendment?

Mr. HULL. An amendment to the amendment.

The CHAIRMAN. The Chair is of the opinion, in view of the limitation of time that has been placed, that the gentleman should offer his amendment to the amendment.

Mr. HULL. Three minutes is all I want, so far as I am concerned.

The CHAIRMAN. If the gentleman seeks recognition in support of his amendment to the amendment, it probably should be offered at this time.

Mr. HULL. Mr. Chairman, I offer an amendment to the pending amendment.

The Clerk read as follows:

Amendment offered by Mr. HULL to the amendment offered by Mr. STEAGALL: At the end of the amendment offered by Mr. STEAGALL, insert the following:

"Provided further, That persons, firms, or corporations doing an annual gross business of less than \$100,000 shall be exempt from such licensing provisions."

Mr. HULL. Mr. Chairman, the licensing provision in this amendment is peculiar, due to the fact that licenses will not be issued especially to any one individual or firm, but all people who are to be included in a particular price-control order which the Administrator shall specify are going to be blanketed in. In consequence, nearly everybody in business may be licensed. Many of them will be licensed, probably, for some time before they will know about it. Possibly the first notice they will get that they ever were licensed at all will be when a threat of prosecution or a threat of revocation comes to them.

There are about 600,000 small firms in the United States, independent grocers, meat markets, barber shops, beauty parlors, and many other lines of small business. They will be licensed by the Price Control Administrator, if deemed necessary.

The license order will, of course, be published in the Federal Register. The scope of such licenses will be too great for the newspapers to attempt to carry the information to everybody when a license is issued under a blanket order. In consequence, many of these firms without any acquaintance whatsoever with the law, or the system, will be subject to being hauled up and having their licenses revoked, without knowing what it is all about.

There are about 135,000 small firms in the United States, mainly in the industrial line, employing less than 20 people. They are having a hard time of it now, under the so-called priority rating

system, to obtain the materials in order to keep in operation. In consequence, it is estimated that thousands of them will be closed, 2,000,000 or more men will be out of employment, and many communities will be damaged greatly because of their closing.

These industries are going to be blanketed under the general licensing system whether they are in operation or not. The first they will know, probably, of any such license being in existence will be when they receive a notice that they have exceeded the limit on some particular line of goods.

It seems to me there ought to be some limit to this. There ought to be something done to enable the small businessman and the small industry to escape the persecution, possibly to escape the blackmail, which may be levied upon them by some competitor or some enemy. There ought to be something done to limit the number of people who will be included in the licensing system. That is the reason for this amendment. I have fixed the limit at \$100,000 for the reason that with that exemption at least some of these small dealers will not be called upon to face a revocation of license proceeding before they even know that they have been licensed.

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. HULL] to the committee amendment.

The question was taken; and on a division (demanded by Mr. HULL) there were—ayes 74, noes 91.

So the amendment to the committee amendment was rejected.

The CHAIRMAN. The question recurs on the committee amendment offered by the gentleman from Alabama.

The committee amendment was rejected.

The Clerk read as follows:

EFFECT OF PRICE REGULATIONS ON CONTRACT OBLIGATIONS

SEC. 206. Provisions in any contract or agreement for the sale of any commodity heretofore or hereafter entered into while a ceiling on such commodity was in effect, which require the payment, either unconditionally or on condition that such ceiling should be modified, rescinded, or declared invalid, of a price in excess of such ceiling are hereby declared to be invalid and unenforceable. Provisions in any contract or agreement for the sale of any commodity heretofore or hereafter entered into while a ceiling on such commodity was not in effect but under which deliveries were made while such a ceiling was in effect, which require the payment, either conditionally or unconditionally, of a price in excess of such ceiling, are hereby declared invalid and unenforceable with respect to such deliveries. As used in this section the term "ceiling" shall include any ceiling established by regulation or order of the Administrator of the Office of Price Administration or the Administrator of the Office of Price Administration and Civilian Supply.

Mr. VOORHIS of California. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VOORHIS of California: On page 20, line 20, at the end of title II, insert a new title to read as follows:

"TITLE III

"SECTION 1. (A) Article 207 of title II of the Banking Act of 1935 is amended to read as follows:

"SEC. 207. The sixth paragraph of section 19 of the Federal Reserve Act, as amended, is amended to read as follows:

" "Notwithstanding the other provisions of this section, the Board of Governors of the Federal Reserve System, in order to prevent injurious credit expansion or contraction, may by regulation change the requirements as to reserves to be maintained against demand or time deposits, or both, by member banks; but the amount of the reserves required to be maintained by any such member bank as a result of any such change shall not be less than the amount of the reserves required by law to be maintained by such bank on the date of enactment of the Banking Act of 1935."

"(B) All individuals, firms, associations, or corporations in the United States, or Territories and possessions thereof, receiving deposits of money or credit or any other substitute medium of exchange withdrawable or payable upon the check or equivalent order of the depositor upon demand or within 60 days and transferring such deposits or title thereto, to other banks or individuals, firms, associations, or corporations, in the United States, its Territories, or possessions, or foreign countries, shall be deemed to be commercial banks engaged in interstate commerce, and as such are subject to Federal jurisdiction and to the authority of the Board of Governors of the Federal Reserve System for the carrying out of the purposes of this section.

"(c) In order to prevent inflation of bank credit and a consequent harmful rise in the price level, the board of governors shall, as soon as practicable without deflationary effects resulting, require all commercial banks to hold all deposits which are subject to check and/or payable on demand or within 60 days (hereinafter referred to as demand deposits) in trust for their demand depositors, in lawful money of the United States on hand or on deposit in a Federal Reserve bank: *Provided, however*, That commercial banks which have a portion of the funds of their demand depositors invested in interest-bearing bonds and/or notes issued or fully guaranteed by the United States Government on the date of passage of this act may hold such interest-bearing bonds and/or notes in trust for their demand depositors in lieu of lawful money or deposits in a Federal Reserve bank and such commercial banks may continue to receive the interest thereon and retain same for their own benefit: *Provided further*, That any such direct or fully guaranteed obligations of the United States shall be discountable at the par value thereof at any Federal Reserve bank: *Provided further*, That no commercial bank shall at any time use any part of the lawful money or deposits in a Federal Reserve bank held in trust for its demand depositors for the purchase of any bonds or notes of the United States: *Provided further*, That such funds as may be received by any commercial bank in redemption of bonds or notes of the United States held in trust for its demand depositors shall thereafter be held in trust for its demand depositors in lieu of such bonds or notes.

"(D) Within 1 year from the date of passage of this act, any solvent commercial bank which has on hand or on deposit in a Federal Reserve bank an insufficient total of cash and bonds or notes issued or fully guaranteed by the United States, to comply with regulations of the Board of Governors increasing reserve requirements, may hypothecate with the Federal Reserve bank of its district so much of its other sound bankable assets as may be necessary to bring its total holdings of cash and bonds or notes as herein specified to the total of the demand deposits of its depositors.

"(E) All demand deposits shall be held in trust for the benefit of the depositors and shall not be merged with or be regarded as assets of the bank nor shall they be liable for its obligations.

"(F) The Board of Governors of the Federal Reserve System shall establish and enforce such uniform rules and regulations for the withdrawal of savings and time-deposit funds from banks subject to its jurisdiction as may be necessary to effect a complete separation of the demand-deposit departments from the time and savings-deposit departments of such banks. Such deposits shall not be withdrawable on demand but only after such due notice as the Board may require has been given by the depositor to the bank.

"SEC. 2. (A) The Secretary of the Treasury of the United States is hereby authorized and directed forthwith to purchase the capital stock of the 12 Federal Reserve banks and branches, and agencies thereof, and to pay to the owners thereof the amount of their paid-in capital stock at the date of purchase.

"All member banks of the Federal Reserve System are hereby required and directed to deliver forthwith to the Treasurer of the United States, by the execution and delivery of such documents as may be prescribed by the Secretary of the Treasury, all the stock of said Federal Reserve banks owned or controlled by them, together with all claims of any kind or nature in and to the capital assets of the said Federal Reserve banks, it being the intention of this act to vest in the Government of the United States the absolute, complete, and unconditional ownership of the said Federal Reserve banks.

"(B) The Board of Governors of the Federal Reserve System shall purchase from the Secretary of the Treasury of the United States from time to time non-interest-bearing obligations of the United States in sufficient amount to increase the total supply of money in the form of cash or demand bank deposits in the United States in the same ratio as the national income increases and thus to maintain a stable buying power in the dollar."

And on page 20, line 21, change "Title III" to "Title IV."

Mr. TABER (interrupting the reading of the amendment). Mr. Chairman, the reading of the amendment has now progressed to the point where it is apparent it is subject to a point of order. I make the point of order that it is not germane.

Mr. VOORHIS of California. Mr. Chairman, I should like to be heard on the point of order.

The CHAIRMAN. The Chair will be pleased to hear the gentleman from California on the point of order.

Mr. VOORHIS of California. Mr. Chairman, this amendment has to do with the fundamental problem of inflation and deflation. It has to do with the question of the control of the creation and destruction of what America now uses for its money, namely, demand bank deposits.

The amendment provides for 100 percent reserves behind these demand deposits, thus requiring that the money people think they have in the bank shall actually be there and making it impossible for 15,000 private banks to create money on the basis of fractional reserves in order to loan that money into circulation at interest. Yes, without 100-percent reserves the private banks of America are even permitted to use this privately created check-book money to buy interest-bearing Government bonds.

Those bonds then become security for the very credit that was created with which to buy them. And the bonds represent nothing on earth but the credit of the American people, their power to produce wealth, the taxing power of their Government.

This amendment provides further for the acquisition of the capital stock of the 12 central Federal Reserve banks by the Government, and thereafter for the bringing into circulation by the permission of the Congress, according to definite provisions of law, of such amount of money each year as corresponds to the increase in the national income of the Nation, which is the right amount—the amount that will prevent deflation and also prevent inflation.

If you really want to control inflation and deflation, Mr. Chairman, these things have to be done. I submit that there is nothing as fundamental to this problem as the material contained in the amendment which I am attempting to offer, and that, therefore, it must be germane to a bill which has as its title—

A bill to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies.

I further submit that I have charts and materials here that show that between March of this year and August of this year there was created by the private banks of this country and put into circulation \$6,500,000,000 of new money, that on the present basis the banks are in position to create an additional \$20,000,000,000 of demand deposit money, and that at present there is no power in the Federal Reserve Board or anywhere else to prevent this. If we permit the irresponsible creation of this check-book, demand-deposit money by private institutions, then it simply cannot be expected that inflation can be prevented now or deflation in the future.

The CHAIRMAN. The Chair is ready to rule.

The gentleman from California offers an amendment, and the gentleman from New York makes a point of order against the amendment on the ground it is not germane. The Chair has rather hurriedly but, he feels, with sufficient care, examined the amendment offered by the gentleman from California.

The pending bill deals with price fixing or more specifically with a ceiling on prices of commodities, rents and so forth. The amendment offered by the gentleman from California deals with the Federal Reserve Board and its power of dealing with currency and credit matters. The Chair thinks this amendment is not closely enough allied with the pending bill to make it in order and, therefore, the point of order made by the gentleman from New York is sustained.

Mr. VOORHIS of California. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. VOORHIS of California. Will it be in order when we go back into the House for me to ask unanimous consent to get time at some future time to make a speech on this subject?

The CHAIRMAN. The gentleman can do that by unanimous consent.

The Clerk read as follows:

TITLE III—MISCELLANEOUS
QUARTERLY REPORT

SEC. 301. The Administrator from time to time, but not less frequently than once every 90 days, shall transmit to the Congress a report of operations under this act. If the Senate or the House of Representatives is not in session, such reports shall be transmitted to the Secretary of the Senate, or the Clerk of the House of Representatives, as the case may be.

DEFINITIONS

SEC. 302. As used in this act—

(a) The term "sale" includes sales, dispositions, exchanges, leases, and other transfers, and contracts and offers to do any of the foregoing. The terms "sell," "selling," "seller," "buy," and "buyer," shall be construed accordingly.

(b) The term "price" means the consideration demanded or received in connection with the sale of a commodity.

(c) The term "commodity," in addition to commodities, articles, products, and materials, includes services rendered otherwise than as an employee in connection with the processing, distribution, storage, installation, repair, or negotiation of purchases or sales, of a commodity, or in connection with the operation of any service establishment: *Provided*, That nothing in this act shall be construed to authorize the regulation of (1) compensation paid by an employer to any of his employees, or (2) rates charged by any common carrier or other public utility.

(d) The term "defense-rental area" means the District of Columbia and any area designated by the Administrator as an area where defense activities have resulted or threaten to result in an increase in the rents for housing accommodations inconsistent with the purposes of this act.

(e) The term "defense-area housing accommodations" means housing accommodations within any defense-rental area.

(f) The term "housing accommodations" means any building, structure, or part thereof, or land appurtenant thereto, or any other real or personal property rented or offered for rent for living or dwelling purposes (including houses, apartments, hotels, rooming or boarding house accommodations, and other properties used for living or dwelling purposes) together with all privileges, services, furnishings, furniture, and facilities connected with the use or occupancy of such property.

(g) The term "rent" means the consideration demanded or received in connection with the use or occupancy or the transfer of a lease of any housing accommodations.

(h) The term "person" includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative of any of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing: *Provided*, That no punishment provided by this act shall apply to the United States, or to any such government, political subdivision, or agency.

(i) The term "ceiling," as applied to prices of commodities, means the maximum lawful price for such commodities, and as applied to rents, means the maximum lawful rent for the use of defense-area housing accommodations. Ceilings may be formulated in terms of prices, rents, margins, commissions, fees, and other charges, and allowances.

(j) The term "documents" includes records, books, accounts, correspondence, memoranda, and other documents, and drafts and copies of any of the foregoing.

(k) The term "district court" means any district court of the United States, and the

United States court for any Territory or other place subject to the jurisdiction of the United States.

Mr. JONKMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JONKMAN: On page 21, line 17, after the word "commodity" strike out the word "or" and insert in lieu thereof the words "except services rendered."

Mr. JONKMAN. Mr. Chairman, the purpose of this amendment is to exclude from the provisions of the bill personal-service establishments.

There is excluded from the bill any price ceiling on labor or more correctly on wages, and it seems to me if we are going to be consistent then this amendment should be adopted. It has been said repeatedly on the floor of the House that labor is not a commodity, and I think that is correct, and if it is correct, then it also follows that if the labor of one laborer is not a commodity then the labor collectively of several of them is not a commodity. In other words, service establishments sell nothing but labor. They do not sell any commodity and there is no ingredient added that will make it any different from the labor of the individual. Another reason is that if we place a ceiling on service establishments, in effect, we are placing a ceiling on labor. The only alternative that the laborer will have in a service establishment is to stop work if the rates he seeks are not permitted under the ceiling on service establishments.

In addition, this will affect mostly such service establishments as laundries, dry cleaners, window cleaners, barbers, and so forth, where the services can be performed in the home, and this fact will prevent inflation, because the person seeking the service will perform many of them for themselves in case of inflation of prices. There will therefore be a natural control on any inflation in prices.

I think if we are going to be consistent this amendment should be adopted so as to exclude from the operations of the bill personal-service establishments.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

Mr. SHORT. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. Without objection, the gentleman from Missouri will be recognized for 2 minutes.

There was no objection.

Mr. SHORT. Mr. Chairman, this bill is an arrow pointed at the heart of democracy. If it is passed, it will set up an economic dictatorship and will give to one man—you call it a board, but it will be under the influence of that man, Mr. Leon Henderson. It will give to him complete control of life and death over private industry in this country. It is significant to note that hundreds of employees of the old N. R. A., that was declared by a unanimous and ringing decision of both the liberal and conservative Justices of the Supreme Court 6 years ago to be unconstitutional, have been retained at the enormous expense of thousands of dollars, and that the files of that N. R. A. have been cataloged and

preserved down in The Archives. I do not know how the Members are going to vote on this bill, but to me it is a hodgepodge, and much as I respect every member of the Banking and Currency Committee of this House—and it is a great committee, composed of men and women of high idealism and great intellect and of noble patriotism—I hesitate to oppose anything sponsored by my dear friend the gentleman from Alabama, HENRY STEAGALL, because I have for him the highest admiration and genuine affection, as I have for every single member of this committee. Much as I respect these members, I doubt if there is a single member on the committee who knows now what is in the bill. I am unalterably opposed to it and I hope that the motion to recommit the bill will carry overwhelmingly by Members on both sides of this aisle. The bill should be defeated. It will end in disaster.

THE CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The amendment was rejected.

MR. DIRKSEN. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. DIRKSEN: Page 21, line 23, strike out all of subsection (d) and insert the following:

"(d) The term 'defense rental area' means any area designated by the Administrator as an area where defense activities have resulted in a substantial general increase in the rents for housing accommodations consistent with the purposes of this act and where a housing shortage has been evidenced by the area being designated for the grant of priorities or allocation for building materials which are upon the critical list of such materials."

MR. DIRKSEN. Mr. Chairman, I propose to vote for this bill. Out in the humble homes and firesides in my country, where people have been discussing the price of sugar and pork chops around the supper table, they are interested in a price-control bill. I want to get the best bill that I can and I am going to vote for this bill. I think this amendment to re-define the housing area so as not to thwart the free flow of public funds into private homes will make this a better bill and I hope that the amendment will be agreed to.

THE CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

The amendment was rejected.

MR. HINSHAW. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

THE CHAIRMAN. Is there objection? There was no objection.

MR. HINSHAW. Mr. Chairman, I have not spoken on this price-control bill during this week of debate and amendment for the very good reason that I have been waiting to be convinced and awaiting its final form. Now that we have arrived at a final form, I am convinced that it should be sent back to the Committee on Banking and Currency, even though I do not envy that committee the task of rewriting the bill.

While I recognize the necessity for setting up certain temporary controls of a totalitarian nature in order that our

country may become closely knit for any defensive action, I have no intention of casting my vote in this Congress for one small step beyond that which I consider absolutely necessary. As I see it, this bill, even with the amendments in it as proposed by the minority, contains many features that I believe dangerous. At the same time it fails to get at the roots of the underlying causes of inflation, such as currency devaluation, credit inflation, and the well-known unbalanced Budget. Of course, the latter is a general subject and not one that can be cured by a bill, but I want action.

MR. CHAIRMAN. I do not want to see this bill go over to the other body. I am fearful that they will not improve it, but on the contrary. Therefore I shall vote to recommit. If that vote fails then I shall be compelled to vote against the bill.

In the first place, Mr. Chairman, no bill of this composition, unless it be ruthlessly and well-nigh brutally administered, can be enforced. Our people are not likely to submit with resignation to such enforcement. The terms of the bill must be fair and must be recognized as such in order to obtain public cooperation and sanction. Otherwise its terms will be avoided and our people will perforce become lawbreakers. We had an unfortunate experience like that in the 1920's. Priorities and allocations bring about shortages in essential materials. Substitutes will be sought and the prices bid up until the price administrator will be forced, and I fear too late, to place ceilings on the substitutes. Then bootlegging develops in the essential and its substitutes.

MR. CHAIRMAN. I believe that price control of only certain selected commodities is a mistake. In order to be fair, if rigid control be really necessary, then the only right solution seems to me to be the freezing of all prices at a given level, but in no single instance below the cost of production plus a fair return. The business of jimmying things around as this bill encourages seems to me to be crazy.

Prices on the same article are now, and always have been, different in different parts of the country. They are cheaper nearest the source of supply than they are at distant points of distribution. To sit down and even commence to compute a list of fair prices that should be charged in even four widely separated points in the United States is a monumental task that is not likely to be accomplished before the beginning of World War No. 3, let alone the end of World War No. 2.

Then there is another factor. In smaller communities or smaller stores the cost of doing business on merchandise is greater than in the larger places and stores. Are you setting the ceiling high enough so that the independent merchant can do business or are you going to set it so that he may be driven out of business?

The only fair price to set for merchandise to be sold at retail is the wholesale price, then limit the retailer to a fair margin of profit. If you do not do that then the large firms are going to eat up the remaining small firms and what becomes of not only small businessmen

themselves but what becomes of the opportunity to start out in business.

No, Mr. Chairman; the approach is wrong, in my humble opinion. Perhaps I am wrong. I have not had the benefit of the long study given this great problem by the committee members. But listening to this debate I am inclined to believe that if price control must be had, then the approach to it offered by the gentleman from Tennessee [Mr. GORE] is the better one. I say this even though I may not agree wholly with the proposal he submitted and which the House voted down on yesterday.

I have many other objections, many questions to raise, and fears to voice, but finally I want to say that I think Mr. Henderson, as Price Administrator, could do a lot more toward controlling prices by continuing the methods he has employed to date without being backed by laws of compulsion than he ever will by sending out a lot of snoopers and supersnoopers on a fattened Government pay roll to harass and bedevil merchants and traders. Do not forget for one moment that this bill enables the little agents of the big administrator to literally crucify any merchant they may choose to pick on.

In the final analysis the best regulators of prices are the housewives who do the buying and they are not feeding on the Federal pay roll meantime. Let our women know what the fair price is and the Administrator will need no other assistants.

The Clerk concluded the reading of the bill.

THE CHAIRMAN. Under the rule, the Committee will rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. COOPER, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill H. R. 5990, and pursuant to House Resolution 348 he reported the same back to the House with sundry amendments adopted in the Committee of the Whole.

THE SPEAKER. Under the rule the previous question is ordered. Is a separate vote demanded on any amendment? If not, the Chair will put them en gross. The question is on agreeing to the amendments.

The amendments were agreed to.

THE SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed, and read the third time, and was read the third time.

MR. STEAGALL. Mr. Speaker, I ask unanimous consent that the Clerk be authorized to make the necessary paragraph designations.

THE SPEAKER. Is there objection? There was no objection.

THE SPEAKER. The question is on the passage of the bill.

Miss SUMNER of Illinois. Mr. Speaker, I submit the following motion to recommit.

THE SPEAKER. Is the gentlewoman opposed to the bill?

Miss SUMNER of Illinois. I am.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Miss SUMNER of Illinois moves to recommit the bill to the Committee on Banking and Currency.

Mr. COOLEY. Mr. Speaker, on that I demand the yeas and nays.

The SPEAKER. Those in favor of ordering the yeas and nays will rise and stand until counted.

The SPEAKER (after counting). Fifty-two Members have arisen; not a sufficient number. The yeas and nays are refused.

The question was taken; and on a division (demanded by Miss SUMNER of Illinois) there were—ayes 134 and noes 173.

So, the motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. COOLEY) there were—ayes 191 and noes 120.

Mr. COOLEY. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 224, nays 161, not voting 44, as follows:

[Roll No. 122]

YEAS—224

Allen, La.	Ellis	Kerr
Angell	Engel	Kilburn
Barden	Englebright	Kirwan
Barnes	Fellows	Klein
Barry	Fenton	Knutson
Bates, Ky.	Fish	Kocialkowski
Bates, Mass.	Fitzgerald	Kopplemann
Beam	Fitzpatrick	Kramer
Beckworth	Flaherty	Kunkel
Beiter	Flannagan	Leavy
Bender	Fogarty	Lesinski
Blackney	Folger	Lewis
Bland	Forand	Ludlow
Bloom	Ford, Thomas F.	Lynch
Boehne	Fulmer	McCormack
Boggs	Gamble	McGranery
Bo'land	Gavagan	McIntyre
Boykin	Gerlach	McKeough
Bradley, Pa.	Gifford	McLaughlin
Brooks	Gossett	McLean
Brown, Ga.	Hall	Maciejewski
Bryson	Edwin Arthur	Maciora
Buckley, N. Y.	Hall	Mahon
Bulwinkle	Leonard W.	Marcantonio
Burgin	Halleck	Martin, Mass.
Byron	Hancock	May
Camp	Hare	Merritt
Canfield	Harris, Ark.	Meyer, Md.
Cannon, Fla.	Harris, Va.	Michener
Capozzoli	Hart	Mills, Ark.
Carter	Harter	Mitchell
Casey, Mass.	Healey	Moser
Clason	Heffernan	Mott
Claypool	Hill, Wash.	Murdock
Cluett	Hobbs	Myers, Pa.
Cochran	Holbrook	Norrell
Coffee, Wash.	Holmes	O'Brien, Mich.
Cole, Md.	Hook	O'Brien, N. Y.
Colmer	Houston	Patman
Cooper	Hunter	Patrick
Courtney	Imhoff	Pfeifer
Crosser	Izac	Joseph L.
Cullen	Jackson	Pheiffer
D'Alesandro	Jacobsen	William T.
Davis, Ohio	Jarman	Pierce
Davis, Tenn.	Jenks, N. H.	Pittenger
Delaney	Johnson, Ind.	Priest
Dewey	Johnson	Ramsay
Dickstein	Luther A.	Ramspeck
Dingell	Johnson	Randolph
Dirksen	Lyndon B.	Richards
Domengeaux	Johnson, W. Va.	Robertson, Va.
Dondero	Kean	Robinson, Utah
Doughton	Kee	Rockefeller
Downs	Kefauver	Rogers, Mass.
Duncan	Kelley, Pa.	Rolph
Durham	Kennedy	Sabath
Eaton	Martin J.	Sacks
Eberharter	Kennedy	Sanders
Edmiston	Michael J.	Sasser
Eliot, Mass.	Keogh	Scanlon

Schuetz	Sutphin
Schulte	Sweeney
Scott	Tenerowicz
Secrest	Terry
Shanley	Thill
Sheppard	Thom
Simpson	Thomas, Tex.
Smith, Maine	Thomason
Smith, Pa.	Tibbott
Smith, Wash.	Tinkham
Somers, N. Y.	Traynor
Sparkman	Treadway
Spence	Van Zandt
Steagall	Vinson, Ga.
Stearns, N. H.	Voorhis, Calif.
Sullivan	Vreeland
Summers, Tex.	Walder

NAYS—161

Allen, Ill.	Gilchrist	Pace
Andersen	Gillie	Paddock
H. Carl	Gore	Patton
Anderson, Calif.	Graham	Pearson
Anderson	Granger	Peterson, Fla.
N. Mex	Grant, Ind.	Peterson, Ga.
Andersen	Green	Plauché
August H.	Gregory	Ploeser
Arends	Guy	Plum'ey
Baumhart	Gwynne	Poage
Bell	Haines	Rabaut
Bennett	Harness	Rankin, Miss.
Bishop	Harrington	Rankin, Mont.
Bolton	Hébert	Reece, Tenn.
Bonner	Heldinger	Reed, Ill.
Boren	Hess	Reed, N. Y.
Bradley, Mich.	Hinshaw	Rees, Kans.
Brown, Ohio	Hoffman	Rich
Buckler, Minn.	Hope	Rizley
Burch	Howell	Robertson
Burdick	Hull	N. Dak.
Butler	Jarrett	Robison, Ky.
Cannon, Mo.	Jenkins, Ohio	Rodgers, Pa.
Carlson	Jensen	Russell
Case, S. Dak.	Johns	Sauthoff
Chapman	Johnson, Calif.	Shafer, Mich.
Chenoweth	Johnson, Ill.	Short
Chipherfield	Johnson, Okla.	Sikes
Clark	Jones	Smith, Ohio
Clevenger	Jonkman	Smith, Va.
Coffee, Nebr.	Keeffe	Smith, Wis.
Collins	Kilday	South
Cooley	Kinzer	Springer
Copeland	Kleberg	Starnes, Ala.
Cox	Lambertson	Stefan
Cravens	Landis	Stevenson
Crawford	Lanham	Stratton
Creal	Lea	Summer, Ill.
Crowther	LeCompte	Taber
Culkin	McGehee	Talle
Cunningham	McGree	Tarver
Curtis	McMillan	Thomas, N. J.
Day	Manasco	Vincent, Ky.
Dies	Martin, Iowa	Vorys, Ohio
Disney	Mason	West
Ditter	Mills, La.	Wheat
Dewry	Monroney	Whelchel
Drowshak	Mundt	White
Elliot, Calif.	Murray	Whitten
Elston	Nelson	Whittington
Ford, Miss.	Nichols	Wickersham
Gathings	O'Connor	Wilson
Gearhart	O'Hara	Winter
Gehrman	Oliver	Wolfenden, Pa.
Gibson	O'Neal	Woodruff, Mich.

NOT VOTING—44

Andrews	Hartley	Powers
Arnold	Hendricks	Rivers
Baldwin	Hill, Colo.	Rogers, Okla.
Buck	Jennings	Romjue
Byrne	Kelly, Ill.	Satterfield
Cartwright	Larabee	Schaefer, Ill.
Celler	McArdle	Scrugham
Cole, N. Y.	Maas	Shannon
Costello	Magnuson	Sheridan
Douglas	Mansfield	Smith, W. Va.
Fannery	Norton	Snyder
Ford, Leland M.	O'Day	Tolan
Gale	O'Leary	Wadsworth
Grant, A'a.	Osmers	Wasielewski
	O'Toole	

So the bill was passed.

The Clerk announced the following pairs:

Mr. Larabee for, with Mr. Scrugham against.

Mr. Schaefer of Illinois for with Mr Hartley against.

Mr. Arnold for, with Mr. Osmers against.

Mr. Byrne for, with Mr. Leland M. Ford against.

Mr. Sheridan for, with Mr. Hill of Colorado against.

Mr. Wadsworth for, with Mr. Cartwright against.

Mr. Magnuson for, with Mr. Buck against.

Mrs. Norton for, with Mr Wasielewski against.

Mr. Mansfield for, with Mr. Jennings against.

General pairs:

Mr. Celler with Mr. Powers.

Mr. O'Toole with Mr. Douglas.

Mr. Grant of Alabama with Mr. Andrews.

Mr. Rivers with Mr. Gale.

Mr. Hendricks with Mr. Maas.

Mr. Kelly of Illinois with Mr. Cole of New York.

Mr. McArdle with Mr. Baldwin.

Mr. Satterfield with Mr. Faddis.

Mr. Costello with Mr. Snyder.

Mr. Flannery with Mr. O'Leary.

Mr. Tolan with Mrs. O'Day.

Mr. Romjue with Mr. Smith of West Virginia.

The result of the vote was announced as above recorded.

A motion to reconsider the vote where-by the bill was passed was laid on the table.

EXTENSION OF REMARKS

Mr. HULL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein resolutions in opposition to the price-control bill by the National Farmers Union and the National Milk Growers Federation.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

ADJOURNMENT TO MONDAY

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

PROGRAM FOR WEEK OF DECEMBER 1

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. MARTIN of Massachusetts. Mr. Speaker, there seems to be some uncertainty as to the program for next week. I wonder if the gentleman from Massachusetts [Mr. McCORMACK], the majority leader, would tell us what the program is going to be?

Mr. McCORMACK. I shall be very glad to answer the distinguished minority leader.

On Monday the Consent Calendar will be called and there will be two suspensions, one on the sugar bill recently reported out by the Committee on Agriculture, and a suspension on the defense-housing bill. There may be one or two consent requests. The gentleman from Michigan [Mr. LESINSKI], I understand has a bill which will not be controversial. Any bill that may be brought up by unanimous consent will not be controversial.

The labor legislation will be called up then, the rule on the Vinson bill. This

rule if adopted provides 2 days of general debate and for the reading of the bill under the 5-minute rule. We expect to start reading the bill on Wednesday and it is hoped that the labor legislation will be disposed of by Wednesday.

Following the labor bill there will be an appropriation bill.

Mr. MARTIN of Massachusetts. That will be called up on Thursday?

Mr. McCORMACK. It is the intention to call the appropriation bill up immediately after the labor legislation is disposed of. I think that is a bill which comes out of the deficiency subcommittee. I see the gentleman from New York [Mr. TABER] here. Am I correct?

Mr. TABER. That is correct. The bill will probably be ready to report on Wednesday.

Mr. McCORMACK. Then we can count on it for sure Thursday?

Mr. TABER. I am sure it can be reported out Wednesday if the gentleman wants it.

Mr. McCORMACK. We would like to have it follow the labor legislation, so I hope it will be out. I see the gentleman from Missouri [Mr. CANNON] here. I beg the gentleman's pardon.

Mr. CANNON of Missouri. We are ready to report the bill at any time required by the leaders.

Mr. McCORMACK. The appropriation bill will be in order after the labor legislation is disposed of.

We propose to sit on Saturday of next week if there is legislation to be considered, and there probably will be, for a bill extending the Soil Conservation Act must be passed before the end of December. We expect this bill to come up next week. It is a very important measure.

I do not know of any other legislation that ought to be disposed of by Friday, but I cannot make any promises.

It is the hope of the leadership on both sides, and I make this statement not for the Democratic side alone, but for both sides, that we can have some kind of recess or adjournment for an appreciable period prior to Christmas, so the Members can go home an appreciable period before the Christmas holidays.

Next week we intend to have rather an intensive week. That is the program we have in mind now.

Mr. CANNON of Missouri. Mr. Speaker, on the last legislative day I received permission to extend my own remarks in the Record and to include a letter from a department. It now develops that this will require four pages and the cost of printing will be \$180. I ask unanimous consent that permission may be given to extend the letter in the Record notwithstanding the estimate.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. CANNON]?

There was no objection.

GENERAL PERMISSION TO EXTEND REMARKS ON PRICE-CONTROL BILL

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that all Members may

have 5 legislative days in which to extend their own remarks in the Record on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Alabama [Mr. STEAGALL]?

There was no objection.

EXTENSION OF REMARKS

Mr. BENNETT. Mr. Speaker, I ask unanimous consent to extend my own remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. BENNETT]?

There was no objection.

Mr. BENNETT. Mr. Speaker, in an extension of remarks as shown on page 8743 of the CONGRESSIONAL RECORD of November 10, 1941, I referred to the Secretary of Labor as "Madam Frances (Wadski) Perkins." In doing so I thought that I was fully justified by reason of a copy of an affidavit in my possession made by Frank M. Grant, city clerk, Newton, Mass., on January 29, 1926.

Madam Perkins tells me that the affidavit is inaccurate so far as she is concerned; that she is not a native of Russia; that she was born in Boston; and that she is a daughter of Frederick W. and Susan E. Perkins, both of New England ancestry.

Mr. Speaker, I would not knowingly do injustice to any person, and have made this statement in fairness to the Secretary of Labor. I ask that in printing the permanent Record the word "Wadski," on page 8743, and the words "and the alien theories of her native Russia," as shown in the last paragraph of page 8744, be omitted.

Mr. BURDICK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include a report.

The SPEAKER. Is there objection to the request of the gentleman from North Dakota [Mr. BURDICK]?

There was no objection.

Mr. MICHAEL J. KENNEDY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include an article that appeared in the New York Evening Journal.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. MICHAEL J. KENNEDY]?

There was no objection.

(Mr. MARCANTONIO asked and was given permission to revise and extend his own remarks in the Record.)

Mr. BUCKLER of Minnesota. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include a resolution passed in my district by the Townsend people.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota [Mr. BUCKLER]?

There was no objection.

REDUCTION OF INTEREST ON LOANS ON UNITED STATES GOVERNMENT LIFE INSURANCE

Mr. WICKERSHAM. Mr. Speaker, I ask unanimous consent that the bill

(H. R. 6114) to reduce the interest on loans on United States Government life (converted) insurance be rereferred to the Committee on World War Veterans' Legislation. This bill was referred to the Committee on Ways and Means. I have talked to the chairman of the Ways and Means Committee, and he has no objection.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma [Mr. WICKERSHAM]?

There was no objection.

EXTENSION OF REMARKS

Mr. STEVENSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the Record and to include two editorials.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin [Mr. STEVENSON]?

There was no objection.

Mr. HOPE. Mr. Speaker, I ask unanimous consent to make two extensions in the Record and to include in one a letter from the Governor of Kansas and in the other a resolution adopted by the National Grange.

The SPEAKER. Is there objection to the request of the gentleman from Kansas [Mr. HOPE]?

There was no objection.

(Mr. SHAFER of Michigan and Mr. HARRIS asked and were given permission to extend their own remarks in the Record.)

Mr. JENSEN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include a resolution by a farm group on price fixing.

The SPEAKER. Is there objection to the request of the gentleman from Iowa [Mr. JENSEN]?

There was no objection.

Mr. SHORT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include an editorial by Oswald Villard.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. SHORT]?

There was no objection.

Mr. LUTHER A. JOHNSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and to include a brief editorial from the Fort Worth Star Telegram.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. LUTHER A. JOHNSON]?

There was no objection.

Mr. BROOKS. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the Record and to include an editorial from the Shreveport Times on the farm situation.

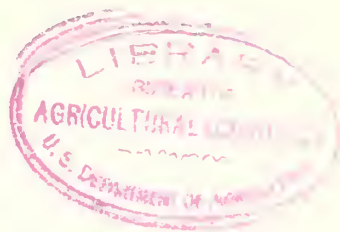
The SPEAKER. Is there objection to the request of the gentleman from Louisiana [Mr. BROOKS]?

There was no objection.

Mr. ELLIS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record and include therein an editorial from the Tulsa Tribune.

77TH CONGRESS
1ST SESSION

H. R. 5990



IN THE SENATE OF THE UNITED STATES

DECEMBER 4, 1941

Read twice and referred to the Committee on Banking and Currency

AN ACT

To further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **TITLE I—GENERAL PROVISIONS AND**

4 **AUTHORITY**

5 **PURPOSES; TIME LIMIT**

6 **SECTION 1.** (a) It is hereby declared that it is in the
7 interest of the national defense and security and the purposes
8 of this Act are (1) to preserve the value of the national
9 currency against the consequences of price and credit infla-
10 tion; (2) to stabilize prices and to prevent speculative, nu-

1 warranted, and abnormal increases in prices and rents; (3)
2 to prevent economic disturbances, labor disputes, burdens
3 upon interstate and foreign commerce, interference with the
4 effective use of the Nation's resources for defense, and
5 impairment of national unity and morale, which would result
6 from unwarranted increases in prices, rents, and the cost of
7 living; (4) to eliminate and prevent profiteering, hoarding,
8 manipulation, speculation, and other disruptive practices
9 resulting from abnormal market conditions or scarcities caused
10 by or contributing to the national emergency; (5) to prevent
11 prospects of price rises from encouraging the accumulation
12 and withholding of materials needed for national defense, and
13 from impeding long-term commitments for production; (6)
14 to assure that defense appropriations are not dissipated by
15 excessive prices; (7) to obtain the maximum necessary pro-
16 duction without undue profits to low-cost producers; (8) to
17 protect persons with relatively fixed and limited incomes,
18 wage earners, investors, and persons dependent on life insur-
19 ance, annuities, and pensions, from undue impairment of their
20 standard of living; (9) to prevent a post-emergency collapse
21 of values; (10) to stabilize agricultural prices in the manner
22 provided in section 3; and (11) to provide procedures for
23 administration and review which will fairly protect the inter-
24 ests of those subject to this Act, without endangering the

1 dominant public interest in the accomplishment of the fore-
2 going purposes.

3 (b) The provisions of this Act, and all regulations,
4 orders, and requirements thereunder, shall terminate on June
5 30, 1943, or upon the date of a proclamation by the President
6 that the further continuance of the authority granted by this
7 Act is not necessary in the interest of the national defense
8 and security, or upon the date of enactment of an Act of
9 Congress terminating such authority, whichever date is the
10 earlier; except that as to offenses committed, or rights or
11 liabilities incurred, prior to such termination date, the provi-
12 sions of this Act and such regulations, orders, and require-
13 ments, shall be treated as still remaining in force for the
14 purpose of sustaining any proper suit, action, or prosecution
15 with respect to any such right, liability, or offense.

16 (c) The provisions of this Act shall be applicable to
17 the United States, its Territories and possessions, the District
18 of Columbia, and the Philippine Islands.

19 PRICES, RENTS, AND MARKET AND RENTING PRACTICES

20 SEC. 2. (a) Whenever in the judgment of the Price
21 Administrator (provided for in section 201) the price or
22 prices of a commodity or commodities have risen or threaten
23 to rise to an extent or in a manner inconsistent with the pur-
24 poses of this Act, he shall by regulation or order establish

1 such ceiling or ceilings as in his judgment will be generally
2 fair and equitable and will effectuate the purposes of this Act.
3 So far as practicable, in establishing any ceiling, the Admin-
4 istrator shall ascertain and give due consideration to the
5 prices prevailing for the commodity or commodities included
6 under such ceiling between the dates of October 1 and Oc-
7 tober 15, 1941, and shall make adjustments for such rele-
8 vant factors as he may, without undue burden on the economy,
9 determine and deem to be of general applicability, including
10 the following: Speculative fluctuations, general increases or de-
11 creases in costs of production and transportation, and general
12 increases or decreases in profits earned by sellers of the com-
13 modity or commodities, during and subsequent to the year
14 ended October 1, 1941. Every regulation or order estab-
15 lishing any ceiling under this subsection shall be accompanied
16 by a statement of the considerations involved in the issuance
17 of such regulation or order.

18 (b) Whenever in the judgment of the Administrator such
19 action is necessary or proper in order to effectuate the pur-
20 poses of this Act, he shall issue declarations setting forth the
21 necessity for, and recommendations with reference to, the
22 stabilization or reduction of rents for defense-area housing
23 accommodations within defense-rental areas. If within sixty
24 days after the issuance of any such recommendations rents for
25 any such accommodations have not in the judgment of the

1 Administrator been stabilized or reduced by State or local
2 regulation, or otherwise, in accordance with the recommenda-
3 tions, the Administrator shall by regulation or order establish
4 such ceiling or ceilings for such accommodations as in his
5 judgment will effectuate the purposes of this Act. So far as
6 practicable, in establishing any ceiling for any defense-area
7 housing accommodations, the Administrator shall ascertain
8 and give due consideration to the rents prevailing for the
9 accommodations, or comparable accommodations, on or about
10 April 1, 1940, and shall make adjustments for such relevant
11 factors as he may determine and deem to be of general applica-
12 bility in respect of the accommodations, including increases or
13 decreases in property taxes and other costs, during and sub-
14 sequent to the year ended April 1, 1940. In designating
15 defense-rental areas, in prescribing ceilings for such accom-
16 modations, and in selecting persons to administer such ceil-
17 ings, the Administrator shall, to such extent as he determines
18 to be practicable, consider any recommendations which may
19 be made by State and local officials concerned with housing
20 or rental conditions in any defense-rental area.

21 (c) Any ceiling or ceilings may be established in such
22 form and manner, may contain such classifications and dif-
23 ferentiations, and may provide for such adjustments, as in
24 the judgment of the Administrator are necessary or proper
25 in order to effectuate the purposes of this Act. The Admin-

1 istrator may establish a ceiling or ceilings below the prices
2 prevailing for the commodity or commodities, or below the
3 rent or rents, in effect at the time of the establishment of such
4 ceiling or ceilings.

5 (d) Whenever in the judgment of the Administrator
6 such action is necessary or proper in order to effectuate the
7 purposes of this Act, he may, by regulation or order, regulate
8 or prohibit speculative or manipulative practices (including
9 practices relating to changes in form or quality) or hoarding,
10 in connection with any commodity, and speculative or manip-
11 ulative practices or renting or leasing practices (including
12 practices relating to recovery of the possession), in connec-
13 tion with any defense-area housing accommodations, which
14 in his judgment are equivalent to or are likely to result in
15 price or rent increases, as the case may be, inconsistent with
16 the purposes of this Act.

17 (e) Whenever in the judgment of the Administrator it
18 is necessary, in order to effectuate the purposes of this Act,
19 to obtain the production of marginal or high-cost producers,
20 he may so notify the President and the President may direct
21 any existing agency or agencies of the United States to exer-
22 cise, and any such agency or agencies shall exercise in accord-
23 ance with such directions, any authority heretofore or here-
24 after conferred on them by law to buy, sell, store, or use any
25 commodity produced in the United States by any such pro-

1 ducer: *Provided*, That any materials which have been here-
2 tofore or may hereafter be defined as strategic and critical
3 materials and supplies by the President pursuant to section
4 5d of the Reconstruction Finance Corporation Act, as
5 amended, may be bought in order to carry out the purposes
6 of this Act only by corporations created or organized pursuant
7 to said section 5d, upon such terms and conditions as they
8 may determine, and only with the approval of the President
9 and the Federal Loan Administrator: *Provided further*, That
10 nothing in this section shall be deemed to modify, suspend,
11 amend, or supersede any provision of the Tariff Act of 1930,
12 as amended: *Provided further*, That nothing in this section,
13 or any existing law, shall be construed to authorize any sale
14 or other disposition of any agricultural commodity contrary to
15 the provision of the Agricultural Adjustment Act of 1938, as
16 amended.

17 (f) No power conferred by this section shall be con-
18 strued to authorize any action contrary to the provisions and
19 purposes of section 3.

20 (g) The powers granted in this section shall not be used
21 or made to operate to compel changes in the business prac-
22 tices or cost practices or methods, means or aids to distribu-
23 tion established in any industry, except to prevent circum-
24 vention or evasion of any ceiling established under this Act.

25 (h) Regulations and orders issued under this section may
26 contain such provisions as the Administrator deems necessary

1 to prevent the circumvention or evasion of such regulations
2 and orders.

3 (i) No price ceiling shall be placed upon any fishery
4 commodity below the average price of such commodity in
5 the year 1941 nor below the average costs of production at
6 the time the ceiling is set.

7 (j) Any tenant may petition the Administrator to ad-
8 just the maximum-rent ceiling applicable to his housing
9 accommodations on the ground that such maximum-rent
10 ceiling permits the receipt of an unduly high rent; whereupon
11 the Administrator may, by order, adjust such maximum-rent
12 ceiling in such manner or amount as shall, in his judgment,
13 effectuate the purposes of this Act and provide a fair and
14 reasonable rent for such housing accommodations.

15 AGRICULTURAL COMMODITIES

16 SEC. 3. (a) No ceiling shall be established for any agri-
17 cultural commodity below (1) the market price equivalent
18 to 110 per centum of the parity price or comparable price
19 for such commodity, adjusted for grade, location, and sea-
20 sonal differentials, as determined and published by the Secre-
21 tary of Agriculture; nor (2) the market price prevailing for
22 such commodity on October 1, 1941; nor (3) the average
23 price for such commodity during the period July 1, 1919, to
24 June 30, 1929.

25 (b) For the purposes of this Act, parity prices shall be

1 determined and published by the Secretary of Agriculture as
2 authorized by law: *Provided*, That in the case of any agri-
3 cultural commodity other than the basic crops—corn, wheat,
4 cotton, rice, tobacco, and peanuts—the Secretary shall deter-
5 mine and publish a comparable price, whenever he finds,
6 after investigation and public hearing, that the production
7 and consumption of such commodity has so changed in extent
8 or character since the base period as to result in a price out
9 of line with parity prices for basic commodities.

10 (c) Any ceiling established on any commodity processed
11 or manufactured in whole or substantial part from any agri-
12 cultural commodity shall be consistent with the purposes set
13 forth in subsection (a) herein and shall not be established
14 in any manner as to circumvent, vitiate, or prevent the
15 effectuation of such purposes.

16 (d) No provision of this Act or of any existing law
17 shall be construed to authorize any action contrary to the
18 provisions and purposes of this section.

19 PROHIBITIONS

20 SEC. 4. (a) It shall be unlawful, regardless of any
21 agreement, lease, or other obligation heretofore or hereafter
22 entered into, for any person to sell or deliver any commodity,
23 to demand or receive any rent, or otherwise to do or omit
24 to do any act, in violation of any regulation or order under
25 section 2, or any regulation, order, or requirement under sec-

1 tion 202, or to offer, solicit, attempt, or agree to do any of
2 the foregoing.

3 (b) It shall be unlawful for any person to remove or
4 attempt to remove from any defense-area housing accom-
5 modations the tenant or occupant thereof or to refuse to
6 renew the lease or agreement for the use of such accommo-
7 dations, because such tenant or occupant has taken, or pro-
8 poses to take, action authorized or required by this Act or
9 any regulation, order, or requirement thereunder.

10 (c) It shall be unlawful for any officer or employee of
11 the Government, or for any adviser or consultant to the
12 Administrator in his official capacity, to disclose, otherwise
13 than in the course of official duty, any information obtained
14 under this Act, or to use any such information for personal
15 benefit.

16 (d) Nothing in this Act shall be construed to require
17 any person to sell any commodity or to offer any accommo-
18 dations for rent.

19 TITLE II—ADMINISTRATION AND ENFORCEMENT

20 ADMINISTRATION

21 SEC. 201. (a) There is hereby created the Price Con-
22 trol Administration. The President shall appoint a Price
23 Control Administrator, by and with the advice and consent
24 of the Senate. All of the duties of the Price Control Admin-
25 istration shall be vested in the Administrator and the Board

1 of Administrative Review (created in sec. 202 (a)). The
2 Administrator shall receive a salary of \$10,000 a year. The
3 Administrator may appoint, subject to the Civil Service
4 Act, as amended, and the Classification Act of 1923, as
5 amended, such personnel as may from time to time be
6 appropriated for by Congress. The Administrator may
7 utilize the services of Federal, State, and local agencies and
8 may utilize such regional, local, or other agencies, and utilize
9 such voluntary and uncompensated services, as may from
10 time to time be needed. Attorneys appointed under this
11 section may appear for and represent the Administrator in
12 any case in any court. In the appointment, selection, classi-
13 fication, and promotion of officers and employees of the Price
14 Control Administration, no political test or qualification shall
15 be permitted or given consideration, but all such appoint-
16 ments and promotions shall be given and made on the basis
17 of merit and efficiency.

18 (b) The principal office of the Administrator shall be in
19 the District of Columbia, but he or any duly authorized
20 representative may exercise any or all of his powers in any
21 place.

22 (c) The Administrator shall have authority to make
23 such expenditures (including expenditures for personal serv-
24 ices and rent at the seat of government and elsewhere; for
25 lawbooks and books of reference; and for paper, printing, and

1 binding) as he may deem necessary for the administration
2 and enforcement of this Act. The provisions of section 3709
3 of the Revised Statutes shall not apply to the purchase of
4 supplies and services by the Administrator where the aggregate amount involved does not exceed \$250.

6 (d) The Administrator may, from time to time, issue
7 such regulations and orders as he may deem necessary or
8 proper in order to carry out the purposes and provisions of
9 this Act.

10 SEC. 202. (a) There is hereby created in the Price Control Administration a Board of Administrative Review to be
11 composed of five members appointed by the President by and
12 with the advice and consent of the Senate. Each member
13 of the Board shall receive a salary of \$10,000 a year. The
14 Board shall choose one of its members to be chairman. The
15 Board shall be completely free and independent of the Price
16 Control Administrator in the performance of all of its duties
17 and functions. The Board may appoint, subject to the Civil
18 Service Act, as amended, and the Classification Act of 1923,
19 as amended, such personnel, including commissioners and attorneys,
20 as may from time to time be appropriated for by
21 Congress. Three members of the Board shall constitute a
22 quorum. The Board may designate individual members,
23 committees of members of the Board or Commissioners, to
24 hold hearings from time to time in such places as may be
25

1 designated by the Board. All decisions of the Board shall
2 be agreed to by at least a majority of the members thereof.

3 (b) The principal office of the Board of Administrative
4 Review shall be in the District of Columbia, but such Board,
5 a member, committee of members or any duly authorized
6 commissioner or commissioners, may meet in any place
7 within the United States or its Territories and possessions
8 to conduct hearings and investigations.

9 SEC. 203. (a) The Administrator and the Board of Ad-
10 ministrative Review or any member or commissioner thereof
11 may administer oaths and affirmations, may require by sub-
12 poena or otherwise the attendance and testimony of witnesses
13 and the production of documents at any designated place.
14 No person shall be excused from complying with any re-
15 quirements under this section because of his privilege against
16 self-incrimination, but the immunity provisions of the Com-
17 pulsory Testimony Act of February 11, 1893 (U. S. C.,
18 1934 edition, title 49, sec. 46), shall apply with respect to
19 any individual who specifically claims such privilege.

20 (b) The Administrator or Board of Administrative
21 Review shall not publish or disclose any information obtained
22 under this Act that such Administrator or Board deems con-
23 fidential or with reference to which a request for confidential
24 treatment is made by the person furnishing such information.

25 SEC. 204. (a) Any person who is aggrieved by any

1 order or regulation of the Administrator may, within thirty
2 days after the issuance of such order or regulation, appeal
3 such order or regulation to the previously mentioned Board
4 of Administrative Review. Within thirty days of the filing
5 of such appeal with the Board of Administrative Review the
6 Board shall hold a public hearing on such appeal wherein
7 any person who is affected by such order and who is aggrieved
8 may present testimony. Upon the request of any aggrieved
9 person affected by such order or regulation the Board shall
10 subpoena such witnesses as he may designate. Within a
11 reasonable time after the filing of such protest against any
12 order or regulation, but in no case more than sixty days after
13 the filing of such protest, the Board shall make a determi-
14 nation. The Board is authorized to affirm, amend, or modify
15 such order or regulation, or may reverse or set aside the same
16 in whole or in part. The determination of the Board of
17 Administrative Review in all such appeals shall entirely
18 supersede and stand in the place of the original order or
19 regulation of the Administrator.

20 (b) Within thirty days after the determination of the
21 Board of Administrative Review any person aggrieved by
22 such determination may file a petition to review such deter-
23 mination in the circuit court of appeals for the circuit in which
24 the complainant resides, or in the United States Court of
25 Appeals for the District of Columbia, and thereupon such

1 court shall have the same powers with respect to such deter-
2 mination as in the case of an order of the Federal Trade
3 Commission under section 5 of the Federal Trade Commission
4 Act. The order of the court shall be subject to review by
5 the Supreme Court of the United States upon writ of certiorari
6 as provided in section 240 of the Judicial Code.

7 ENFORCEMENT

8 SEC. 205. (a) Whenever in the judgment of the Ad-
9 ministrator any person has engaged or is about to engage
10 in any acts or practices which constitute or will constitute
11 a violation of any provision of section 4 of this Act, he may
12 make application to the appropriate court for an order enjoin-
13 ing such acts or practices, or for an order enforcing com-
14 pliance with such provision, and upon a proper showing a
15 permanent or temporary injunction, restraining order, or
16 other order shall be granted without bond.

17 (b) Any person who willfully violates any provision of
18 section 4 of this Act, and any person who makes any state-
19 ment or entry false in any material respect in any document
20 or report required to be kept or filed under section 2 or sec-
21 tion 202, shall, upon conviction thereof, be subject to a fine
22 of not more than \$5,000, or to imprisonment for not more
23 than two years in the case of a violation of section 4 (c)
24 and for not more than one year in all other cases, or to both
25 such fine and imprisonment. Whenever the Administrator

1 has reason to believe that any person is liable to punishment
2 under this subsection, he may certify the facts to the Attor-
3 ney General, who may, in his discretion, cause appropriate
4 proceedings to be brought.

5 (c) The district courts shall have jurisdiction of criminal
6 proceedings for violations of section 4 of this Act, and con-
7 currently with State and Territorial courts, of all civil pro-
8 ceedings under section 205 (a). Such civil proceedings
9 and any criminal proceedings may be brought in any district
10 in which any part of any act or transaction constituting
11 the violation occurred. Any such civil proceedings may
12 also be brought in the district in which the defendant resides
13 or transacts business, and process in such cases may be served
14 in any district wherein the defendant resides or transacts
15 business or wherever the defendant may be found. No costs
16 shall be assessed against the United States Government in
17 any proceeding under this Act.

18 (d) No person shall be held liable for damages or penal-
19 ties in any Federal, State, or Territorial court, on any grounds
20 for or in respect of anything done or omitted to be done in
21 good faith pursuant to any provision of this Act or any
22 regulation, order, or requirement thereunder, or under any
23 regulation or order of the Administrator of the Office of Price
24 Administration or of the Administrator of the Office of Price
25 Administration and Civilian Supply, notwithstanding that

1 subsequently such provision, regulation, order, or requirement
2 may be modified, rescinded, or determined to be invalid.

3 The Administrator may intervene in any suit or action
4 wherein a party relies for ground of relief or defense upon
5 this Act or any regulation, order, or requirement thereunder.

6 EFFECT OF PRICE REGULATIONS ON CONTRACT OBLIGATIONS

7 SEC. 206. Provisions in any contract or agreement for
8 the sale of any commodity heretofore or hereafter entered
9 into while a ceiling on such commodity was in effect, which
10 require the payment, either unconditionally or on condition
11 that such ceiling should be modified, rescinded, or declared
12 invalid, of a price in excess of such ceiling are hereby declared
13 to be invalid and unenforceable. Provisions in any contract
14 or agreement for the sale of any commodity heretofore or
15 hereafter entered into while a ceiling on such commodity
16 was not in effect, but under which deliveries were made while
17 such a ceiling was in effect, which require the payment,
18 either conditionally or unconditionally, of a price in excess
19 of such ceiling, are hereby declared invalid and unenforce-
20 able with respect to such deliveries. As used in this section
21 the term ceiling shall include any ceiling established by regu-
22 lation or order of the Administrator of the Office of Price
23 Administration or the Administrator of the Office of Price
24 Administration and Civilian Supply.

TITLE III—MISCELLANEOUS

QUARTERLY REPORT

SEC. 301. The Administrator from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act. If the Senate or the House of Representatives is not in session, such reports shall be transmitted to the Secretary of the Senate, or the Clerk of the House of Representatives, as the case may be.

DEFINITIONS

SEC. 302. As used in this Act—

(a) The term “sale” includes sales, dispositions, exchanges, leases, and other transfers, and contracts and offers to do any of the foregoing. The terms “sell”, “selling”, “seller”, “buy”, and “buyer”, shall be construed accordingly.

(b) The term “price” means the consideration demanded or received in connection with the sale of a commodity.

(c) The term “commodity”, in addition to commodities, articles, products, and materials, includes services rendered otherwise than as an employee in connection with the processing, distribution, storage, installation, repair, or negotiation of purchases or sales, of a commodity, or in connection with the operation of any service establishment: *Provided*, That nothing in this Act shall be construed to authorize the regulation of (1) compensation paid by an employer to any

1 of his employees, or (2) rates charged by any common carrier
2 or other public utility.

3 (d) The term “defense-rental area” means the District
4 of Columbia and any area designated by the Administrator
5 as an area where defense activities have resulted or threaten
6 to result in an increase in the rents for housing accommoda-
7 tions inconsistent with the purposes of this Act.

8 (e) The term “defense-area housing accommodations”
9 means housing accommodations within any defense-rental
10 area.

11 (f) The term “housing accommodations” means any
12 building, structure, or part thereof, or land appurtenant
13 thereto, or any other real or personal property rented or
14 offered for rent for living or dwelling purposes (including
15 houses, apartments, hotels, rooming or boarding house accom-
16 modations, and other properties used for living or dwelling
17 purposes) together with all privileges, services, furnishings,
18 furniture, and facilities connected with the use or occupancy
19 of such property.

20 (g) The term “rent” means the consideration demanded
21 or received in connection with the use or occupancy or the
22 transfer of a lease of any housing accommodations.

23 (h) The term “person” includes an individual, corpora-
24 tion, partnership, association, or any other organized group
25 of persons, or legal successor or representative of any of the

1 foregoing, and includes the United States or any agency
2 thereof, or any other government, or any of its political sub-
3 divisions, or any agency of any of the foregoing: *Provided*,
4 That no punishment provided by this Act shall apply to the
5 United States, or to any such government, political subdivi-
6 sion, or agency.

7 (i) The term "ceiling", as applied to prices of com-
8 modities means the maximum lawful price for such commod-
9 ities, and as applied to rents, means the maximum lawful
10 rent for the use of defense-area housing accommodations.
11 Ceilings may be formulated in terms of prices, rents, margins,
12 commissions, fees, and other charges, and allowances.

13 (j) The term "documents" includes records, books, ac-
14 counts, correspondence, memoranda, and other documents,
15 and drafts and copies of any of the foregoing.

16 (k) The term "district court" means any district court
17 of the United States, and the United States Court for any
18 Territory or other place subject to the jurisdiction of the
19 United States.

20 SEPARABILITY

21 SEC. 303. If any provision of this Act or the applica-
22 tion of such provision to any person or circumstances shall
23 be held invalid, the validity of the remainder of the Act and
24 the applicability of such provision to other persons or cir-
25 cumstances shall not be affected thereby.

1 APPROPRIATIONS AUTHORIZED

2 SEC. 304. There are authorized to be appropriated such
3 sums as may be necessary or proper to carry out the pro-
4 visions and purposes of this Act.

5 SHORT TITLE

6 SEC. 305. This Act may be cited as the “Emergency
7 Price Control Act of 1941”.

 Passed the House of Representatives November 28,
1941.

Attest:

SOUTH TRIMBLE,
Clerk.

AN ACT

To further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

DECEMBER 4, 1941

Read twice and referred to the Committee on
Banking and Currency

77TH CONGRESS
1ST SESSION

H. R. 5990



IN THE SENATE OF THE UNITED STATES

DECEMBER 4, 1941

Referred to the Committee on Banking and Currency and ordered to be printed

AMENDMENT

(IN THE NATURE OF A SUBSTITUTE)

Intended to be proposed by Mr. TAFT to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, inflationary tendencies, and for other purposes, viz: Strike out all after the enacting clause and in lieu thereof insert the following:

1 TITLE I—GENERAL PROVISIONS

2 DECLARATION OF POLICY, TIME LIMIT, AND BOARD OF
3 INFLATION CONTROL

4 SECTION 1. (a) It is hereby declared that it is in the
5 interest of national defense and security, and the purposes of
6 this Act are, to prevent or retard a general rise in the price
7 level of commodities, and to prevent unreasonable increases

1 in prices, which would cause hardship to individual con-
2 sumers and wage earners, to persons engaged in business,
3 to investors, to endowed schools, universities, and other insti-
4 tutions, and to Federal, State, and local governments, and
5 which would increase the cost of the defense and lend-lease
6 programs to the United States Government; and it is further
7 declared that this action is made necessary by the tremen-
8 dous increase in purchasing power resulting from Govern-
9 ment borrowing in connection with the defense and lend-
10 lease programs growing out of the war in Europe and the
11 possibility that the United States may become involved
12 therein.

13 (b) The provisions of this Act, and all orders there-
14 under, shall terminate on July 1, 1943, unless extended by
15 Act of Congress; except that as to offenses committed, or
16 rights or liabilities incurred, prior to the said date, the provi-
17 sions of this Act and such orders shall be treated as still
18 remaining in force for the purpose of sustaining any proper
19 suit, action, or prosecution with respect to any such right,
20 liability, or offense.

21 (c) There is hereby created a board, to be known as the
22 Board of Inflation Control (hereinafter referred to as the
23 "Board") which shall be composed of five members, who
24 shall be appointed by the President, by and with the advice
25 and consent of the Senate. The term of said members shall

1 continue during the period while this Act is in force, except
2 as otherwise provided by law. Each member of the Board
3 shall devote his entire time to the duties thereof, and shall
4 receive a salary of \$10,000 a year. Three members of the
5 Board shall constitute a quorum. The President shall designate
6 one member as Chairman. The President may appoint
7 as one or more members of said Board any member of the
8 Board of Governors of the Federal Reserve System, any
9 Assistant Secretary of the Treasury, any Assistant Secretary
10 of Agriculture, and any Assistant Secretary of Commerce;
11 and, if directed by the President, any such appointee may
12 retain his office without salary or obligation while serving as
13 a member of the Board, and shall automatically resume the
14 duties and salary of said office on the termination of his duties
15 as a member of the Board. The Board shall appoint a Price
16 Administrator, who shall receive a salary of \$10,000 a year
17 and shall be the executive officer of the Board. The Board
18 is authorized to employ and fix the compensation of such
19 attorneys, special experts, examiners, clerks, and other employees
20 as it may from time to time find necessary for the
21 proper performance of its duties and as may be from time to
22 time appropriated for by the Congress. All of the expenses
23 of the Board, including all necessary expenses for transportation
24 incurred by the members or by their employees under
25 their orders in making any investigation or upon official

1 business in any other place than in the city of Washington,
2 shall be allowed and paid on the presentation of itemized
3 vouchers therefor, approved by the Board. The principal
4 office of the Board shall be in the city of Washington, but
5 it may meet and exercise any or all of its powers at any other
6 place. The Board may, by one or more of its members or
7 by such examiners as it may designate, prosecute any inquiry
8 and conduct any hearing necessary to its duties.

9

POWER TO FIX PRICES

10 SEC. 2. (a) Whenever the President finds that the
11 price of any commodity is or threatens to be in excess of
12 its price on July 29, 1941, or in excess of the general level
13 of commodity prices in the United States, and that the price
14 of such commodity will tend to increase the general level
15 of prices, he may issue a proclamation authorizing the Board
16 to assume jurisdiction thereof. Thereupon the Board shall
17 have authority by order—

18 (1) to fix the maximum price or prices at which
19 such commodity, and other commodities of which the
20 commodity named in such proclamation is determined
21 by the Board to be a principal constituent (hereinafter
22 called "its products"), may be sold by producers, man-
23 ufacturers, wholesalers, retailers, or other persons, or on
24 primary or secondary markets;

25 (2) to fix margins between the prices at which

1 such commodity or its products may be bought and sold
2 by any manufacturer, wholesaler, retailer, or other class
3 of persons;

4 (3) to fix commissions which may be charged in
5 connection with the sale of any such commodity or its
6 products, and charges which may be made for the proc-
7 essing, handling, and storage thereof.

8 (b) In fixing a maximum price, margin, or charge,
9 the Board shall endeavor to fix a price, margin, or charge
10 which will make the price of such commodity and its products
11 comparable with the general existing price level for all other
12 commodities, particularly competitive commodities; and give
13 consideration to all relevant factors of geographical location,
14 transportation cost, cost of manufacture, production, process-
15 ing, and distribution, with due regard to the purposes of this
16 Act. The Board shall have power to prescribe such classi-
17 fications in prices, margins, and charges as may be justified
18 by differences in conditions or by previously existing differ-
19 entials in the trade. It shall have power to change from
20 time to time the prices, margins, and charges fixed by it
21 with respect to any commodity and shall make such changes
22 whenever, in its opinion, a material increase in cost of pro-
23 duction has occurred with respect to such commodity.

24 (c) Any order of the Board fixing a maximum price,
25 margin, or charge with respect to any commodity shall super-

1 sede the provisions of any contract which provides for a
2 higher price, margin, or charge with respect to such com-
3 modity insofar as such provisions relate to transactions and
4 deliveries occurring after the date of the Board's order, or
5 occurring after such subsequent date as the Board's order
6 may fix.

7 AGRICULTURAL COMMODITIES

8 SEC. 3. (a) No maximum price shall be established for
9 any agricultural commodity below (1) the parity price or
10 comparable price for such commodity as determined and
11 published by the Secretary of Agriculture, or (2) below the
12 market price prevailing for such commodity on July
13 29, 1941.

14 (b) For the purposes of this Act, parity prices for agri-
15 cultural commodities shall be those prices which are deter-
16 mined and published by the Secretary of Agriculture as
17 authorized by law.

18 (c) The provisions of section 2 of this Act shall not be
19 construed to authorize any action contrary to the provision
20 and purposes of this section.

21 OFFENSES

22 SEC. 4. (a) It shall be unlawful for any person know-
23 ingly to sell or deliver, or to buy or receive, any commodity
24 at a price higher than that fixed by an order of the Board,
25 to sell or deliver any commodity at a price which will yield

1 such person a greater margin than that fixed therefor by
2 order of the Board, or to pay or collect a greater commission
3 or other charge with respect to a commodity than that fixed
4 by order of the Board, or to offer or agree to do any of the
5 foregoing.

6 (b) It shall be unlawful for any officer or employee of
7 the Government to disclose, otherwise than in the course of
8 official duty, any information obtained under this Act, or to
9 use any such information for personal benefit.

10 TITLE II—ADMINISTRATION AND ENFORCEMENT

11 OBTAINING INFORMATION

12 SEC. 201. (a) The Board may make such studies and
13 investigations, and obtain or require the furnishing of such
14 information under oath or affirmation or otherwise, as it
15 deems necessary or proper to assist it in prescribing any
16 order under this Act, and in the administration and enforce-
17 ment of this Act, and orders thereunder. For such purposes
18 the Board may administer oaths and affirmations, may re-
19 quire by subpoena or otherwise the attendance and testimony
20 of witnesses and the production of documents at any desig-
21 nated place, may require persons to permit the inspection and
22 copying of documents, and the inspection of inventories, and
23 may, by regulation or order, require the making and keeping
24 of records and other documents and the making of reports.
25 No person shall be excused from complying with any require-

1 ment under this section because of his privilege against self-
2 incrimination, but the immunity provisions of the Compulsory
3 Testimony Act of February 11, 1893 (U. S. C., 1934 edi-
4 tion, title 49, sec. 46), shall apply with respect to any indi-
5 vidual who specifically claims such privilege.

6 (b) Neither the Board nor any member or employee
7 of the Board shall publish or disclose any information ob-
8 tained under this Act that the Board deems confidential
9 unless the Board determines that the withholding thereof is
10 contrary to the interest of the national defense and security.

11 PROCEDURE

12 SEC. 202. (a) No order shall be issued by the Board
13 except after a public hearing at which any interested person
14 may appear and present evidence and argument; except that
15 upon the application of the Price Administrator the Board
16 may issue a temporary order, effective for not more than sixty
17 days, but no temporary order shall be extended beyond such
18 sixty days. Whenever the Board proposes to make a per-
19 manent order, it shall fix a date for a public hearing, and,
20 at least ten days prior to the date of the hearing, shall publish
21 in the Federal Register a notice of such hearing. Such notice
22 shall state the action which the Board proposes to take, and
23 the terms of any temporary order issued, together with a
24 concise statement of the facts upon which the proposal is
25 based and the reasons therefor. A reasonable opportunity

1 shall be given to all persons desiring to be heard to present
2 evidence, or, if the subject has already been covered by testi-
3 mony, statements in writing. A complete record of the
4 proceedings shall be kept, and no order shall be entered until
5 five days after the close of the hearings. Every order of the
6 Board shall be accompanied by a statement of the facts
7 and reasons upon which it is based.

8 (b) At any time after any order has been issued by the
9 Board, any person subject to the provisions thereof may file
10 a protest specifically setting forth objections to such order,
11 which objections may be based on conditions existing at the
12 time the order was issued, or which are alleged to have de-
13 veloped subsequent thereto. Within a reasonable time after
14 the filing of any such protest, but in no event more than sixty
15 days after such filing, the Board shall hold a hearing, of
16 which notice shall be given and which shall be conducted
17 in the same manner provided by subsection (a) of this sec-
18 tion. The Board may prescribe regulations to prevent
19 unreasonable repetition and duplication of the filing of pro-
20 tests. The Board shall issue an order amending its former
21 order against which a protest has been filed, or shall issue an
22 order refusing to make any modification therein, within one
23 hundred and twenty days after the filing of the protest, and
24 the action of the Board shall be accompanied by a statement
25 of the facts and reasons upon which its decision is based.

(c) In any proceedings under this Act, the Price Administrator may present such evidence as the Board sees fit to admit into the record, including publications of any Government department and any evidence developed by the Board under section 201 of this Act.

REVIEW

7 SEC. 203. (a) Any person who has filed a protest with
8 the Board under subsection (a) or subsection (b) of section
9 202 of this Act, and who is aggrieved by the denial or
10 partial denial of his protest, may within thirty days after
11 such denial file a complaint with the emergency court of
12 appeals created pursuant to subsection (c) of this section,
13 praying that the order protested be set aside in whole or in
14 part. A copy of such complaint shall forthwith be served
15 on the Board, which shall certify and file with such a court a
16 complete transcript of the proceedings in connection with the
17 protest. Upon the filing of such transcript the court shall
18 have exclusive jurisdiction to affirm or set aside such order,
19 in whole or in part, or to remand the proceeding: *Provided*,
20 That the order may be modified or rescinded by the Board
21 at any time notwithstanding the pendency of such complaint.
22 No objection to any order, and no evidence in support of any
23 objection thereto, shall be considered by the court, unless such
24 objection shall have been set forth by complainant in the
25 protest or such evidence shall be contained in the transcript.

1 If application is made to the court by either party for leave
2 to introduce additional evidence which was either offered to
3 the Board and not admitted, or which could not reasonably
4 have been offered to the Board, and the court determines that
5 such evidence is material, the court shall order the evidence
6 to be presented to the Board. The Board shall promptly
7 receive the same, and such other evidence as it deems neces-
8 sary or proper, and thereupon it shall certify and file with
9 the court a transcript thereof, and any modification made in
10 the Board's order as a result thereof, except that on request
11 by the Board, any such additional evidence may be presented
12 directly to the court.

13 (b) No such order shall be set aside, in whole or in part,
14 unless the complainant establishes to the satisfaction of the
15 court that the order is not in accordance with law, or is
16 arbitrary or capricious. The effectiveness of a judgment of
17 the court setting aside, in whole or in part, any such order
18 shall be postponed until the expiration of thirty days from
19 the entry thereof, except that if a petition for a writ of
20 certiorari is filed with the Supreme Court under subsection

21 (d) within such thirty days, the effectiveness of such judg-
22 ment shall be postponed until an order of the Supreme Court
23 denying such petition becomes final, or until other final dis-
24 position of the case by the Supreme Court.

25 (c) There is hereby created a court of the United States

1 to be known as the emergency court of appeals, which shall
2 consist of three or more judges to be designated by the Chief
3 Justice of the United States from judges of United States
4 district courts and courts of appeals. The Chief Justice of
5 the United States shall designate one of such judges as chief
6 judge of the emergency court of appeals, and may, from time
7 to time, designate additional judges for such court and revoke
8 previous designations. The chief judge may, from time to
9 time, divide the court into divisions of three or more
10 members, and any such division may render judgment as the
11 judgment of the court. The court shall have the powers of a
12 district court with respect to the jurisdiction conferred on it
13 by this Act, except that it shall exercise its powers and pre-
14 scribe rules governing its procedure in such manner as to
15 expedite the determination of cases of which it has jurisdic-
16 tion under this Act. The court shall have a seal, hold ses-
17 sions at such places as it may specify, and appoint a clerk
18 and such other employees as it deems necessary or proper.

19 (d) Within thirty days after entry of a judgment, inter-
20 locutory or final, by the emergency court of appeals, a peti-
21 tion for a writ of certiorari may be filed in the Supreme
22 Court of the United States, and thereupon the judgment shall
23 be subject to review by the Supreme Court in the same
24 manner as a judgment of a circuit court of appeals as pro-
25 vided in section 240 of the Judicial Code, as amended

1 (U. S. C., 1934 edition, title 28, sec. 347). The Supreme
2 Court shall expedite the disposition of all causes filed therein
3 pursuant to this subsection. The emergency court of appeals,
4 and the Supreme Court upon review of judgments of the
5 emergency court of appeals, shall have exclusive jurisdiction
6 to determine the validity of any order issued by the Board,
7 and of the provisions of this Act authorizing such order.
8 Except as provided in this section, no court, Federal, State,
9 or Territorial, shall have power to consider such validity,
10 or to stay, restrain, enjoin, or set aside, in whole or in part,
11 any such provision of this Act, or any provision of any such
12 order.

13 ENFORCEMENT

14 SEC. 204. (a) Whenever in the judgment of the Board
15 any person has engaged or is about to engage in any acts
16 which constitute or will constitute a violation of this Act,
17 or of any order thereunder, it may make application to the
18 appropriate court for an order enjoining such acts, or for
19 an order enforcing compliance with this Act or such order,
20 and, upon a proper showing, a permanent or temporary
21 injunction, restraining order, or other order shall be granted
22 without bond.

23 (b) Any person who willfully violates any provision
24 of this Act or any order issued thereunder, and any person
25 who willfully falsifies in any material respect a document

1 or report required to be kept or filed thereunder, shall, upon
2 conviction thereof, be fined not more than \$5,000, or impris-
3 oned for not more than one year, or both. Whenever the
4 Board has reason to believe that any person is liable to pun-
5 ishment under this subsection, it may certify the facts to the
6 Attorney General, who may, in his discretion, cause appro-
7 priate proceedings to be brought.

8 (c) The district courts shall have jurisdiction of viola-
9 tions of this Act and of orders thereunder, and, concurrently
10 with State and Territorial courts, of all civil proceedings to
11 enforce any liability or duty created by, or to enjoin any
12 violation of, this Act or any order thereunder. Such civil
13 proceedings and any criminal proceedings may be brought in
14 any district in which any act or transaction constituting the
15 violation occurred. Any such civil proceedings may also be
16 brought in the district in which the defendant resides or
17 transacts business, and process in such cases may be served
18 in any district wherein the defendant resides or transacts
19 business or wherever the defendant may be found. No costs
20 shall be assessed against the United States Government in
21 any proceeding under this Act.

22 (d) No person shall be held liable for damages or
23 penalties in any Federal, State, or Territorial court, on any
24 grounds for or in respect of anything done or omitted to be
25 done in good faith pursuant to any provision of this Act or

1 any order thereunder, notwithstanding that subsequently such
2 provision or order may be modified, rescinded, or determined
3 to be invalid. The Board may intervene in any suit or
4 action wherein a party relies for ground of relief or defense
5 upon this Act or any order thereunder.

6 TITLE III—MISCELLANEOUS

7 QUARTERLY REPORT

8 SEC. 301. The Board from time to time, but not less
9 frequently than once every ninety days, shall transmit to the
10 Congress a report of operations under this Act. If the Senate
11 or the House of Representatives is not in session, such re-
12 ports shall be transmitted to the Secretary of the Senate or
13 the Clerk of the House of Representatives, as the case
14 may be.

15 STABILIZATION OF WAGES

16 SEC. 302. Since it is impossible to stabilize prices if
17 wages are constantly rising, it shall be the policy of those
18 departments of the Government dealing with the wages of
19 labor (including the Department of Labor and its various
20 bureaus, the Office of Production Management, the National
21 Labor Relations Board, and the National Defense Mediation
22 Board) to work toward a stabilization of the general level
23 of wages, in such a manner that so long as this Act is in
24 effect increases thereof shall be approximately in proportion
25 to the increase in the general level of prices at the time, as

1 compared to the general level of wages and prices which
2 existed on July 29, 1941; or in proportion to the increase
3 in prices in the industry paying the wages, if such increase
4 is greater than the increase in the general level of prices.

5 DEFINITIONS

6 SEC. 303. As used in this Act—

7 (a) The term “sale” includes sales, dispositions, ex-
8 changes, leases, and other transfers, and contracts and offers
9 to do any of the foregoing. The terms “sell”, “selling”,
10 “seller”, “buy”, and “buyer”, shall be construed accordingly.

11 (b) The term “price” means the consideration de-
12 manded or received in connection with the sale of a com-
13 modity.

14 (c) The term “commodity” means commodities, articles,
15 products, and materials.

16 (d) The term “person” includes an individual, corpora-
17 tion, partnership, association, or any other organized group
18 of persons, or legal successor or representative of the foregoing,
19 and includes the United States or any agency thereof, or any
20 other government, or any of its political subdivisions, or any
21 agency of any of the foregoing: *Provided*, That no punish-
22 ment by fine or imprisonment provided by this Act shall
23 apply to the United States, or to any such government,
24 political subdivision, or agency.

25 (e) The term “documents” includes records, books, ac-

1 counts, correspondence, memoranda, and other documents,
2 and drafts and copies of any of the foregoing.

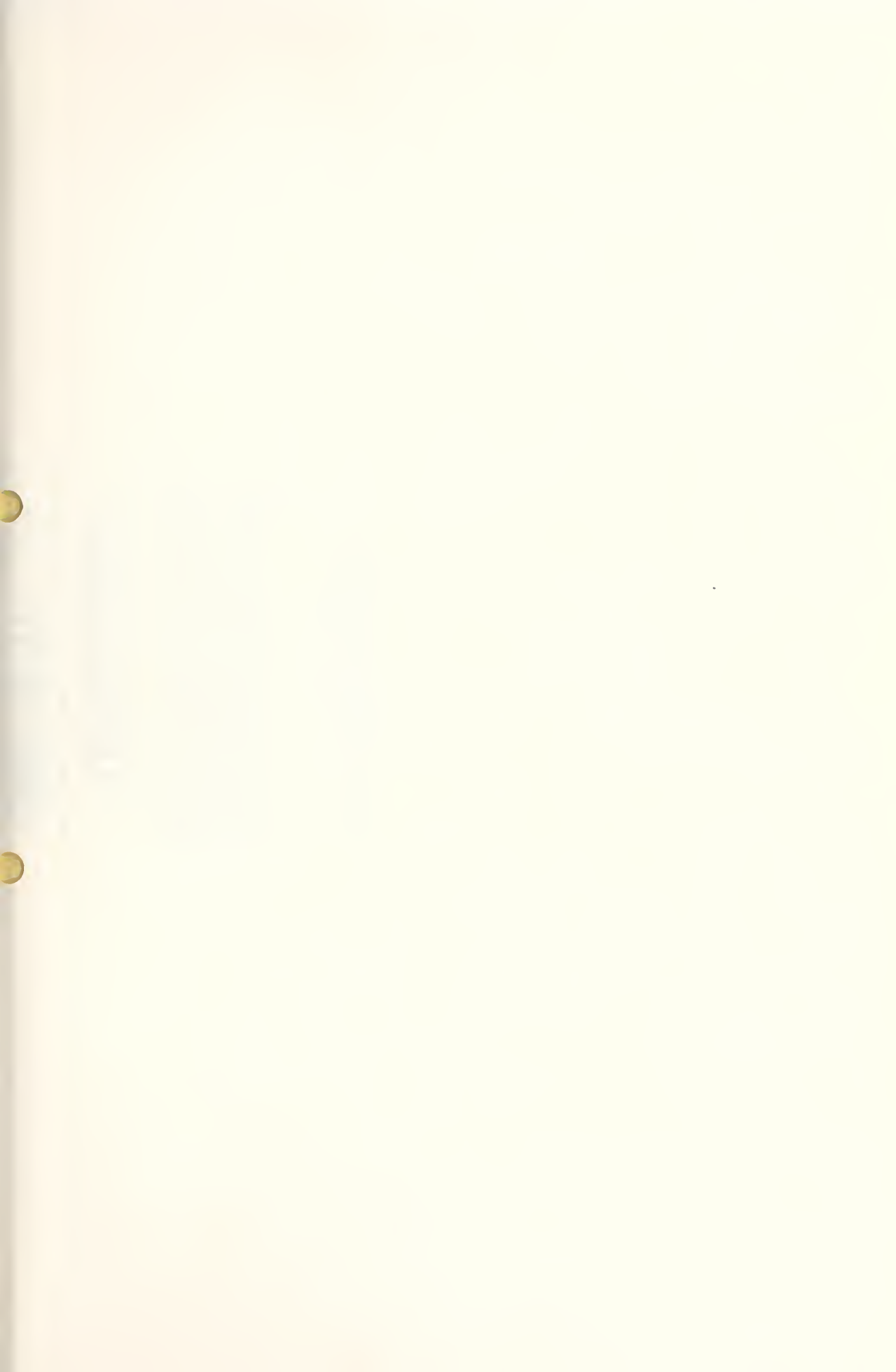
3 (f) The term "district court" means any district court
4 of the United States and the United States court for any
5 Territory.

6 SEPARABILITY

7 SEC. 304. If any provision of this Act or the application
8 of such provision to any person or circumstances shall be
9 held invalid, the validity of the remainder of the Act and
10 the applicability of such provision to other persons or cir-
11 cumstances shall not be affected thereby.

12 SHORT TITLE

13 SEC. 305. This Act may be cited as the "Emergency
14 Price Control Act of 1941".



AMENDMENT

(IN THE NATURE OF A SUBSTITUTE)

Intended to be proposed by Mr. TART to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, inflationary tendencies, and for other purposes.

DECEMBER 4, 1941

Referred to the Committee on Banking and Currency
and ordered to be printed

H. R. 5990



IN THE SENATE OF THE UNITED STATES

DECEMBER 17 (legislative day, DECEMBER 16), 1941

Referred to the Committee on Banking and Currency and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. LODGE to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes, viz.

- 1 On page 19, line 2, before the period insert the follow-
- 2 ing: “, or (3) rates charged by any person engaged in the
- 3 business of selling or underwriting insurance”.

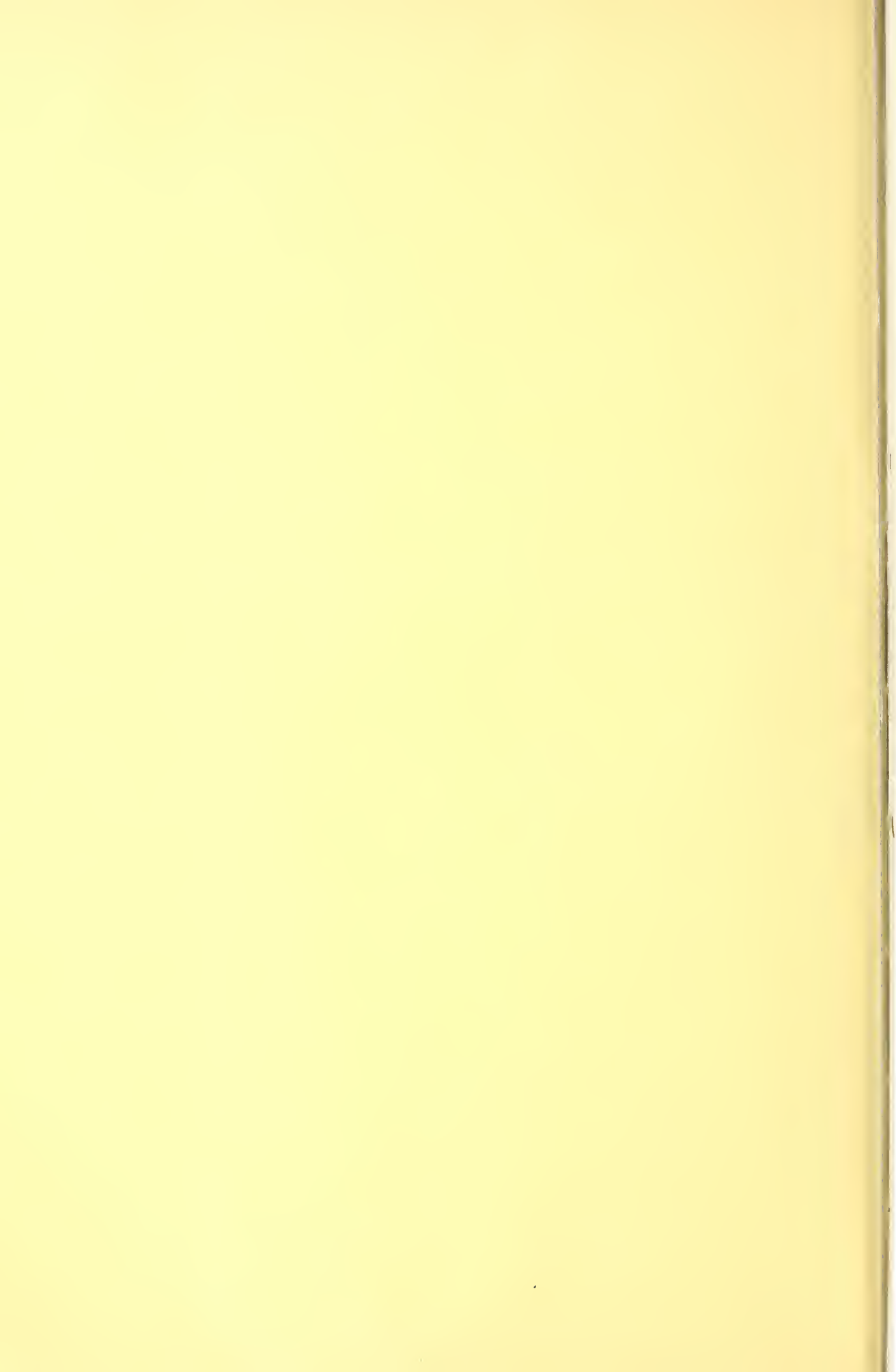
77TH CONGRESS
1ST SESSION

H. R. 5990

AMENDMENT

Intended to be proposed by Mr. Lodge to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

DECEMBER 17 (legislative day, DECEMBER 16), 1941
Referred to the Committee on Banking and Currency
and ordered to be printed



77TH CONGRESS
1ST SESSION

H. R. 5990



IN THE SENATE OF THE UNITED STATES

DECEMBER 22, 1941

Referred to the Committee on Banking and Currency and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. THOMAS of Oklahoma, to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes, viz:

- 1 On page 3, at the end of line 2, strike the period and
- 2 insert a colon and the following: "*Provided*, That the pur-
- 3 poses herein set forth are to be secured by and through a
- 4 delegation of legislative powers, as provided herein, and
- 5 under the conditions herein stated and within the limits set
- 6 forth in title of this Act."

77TH CONGRESS
1ST SESSION

H. R. 5990

AMENDMENT

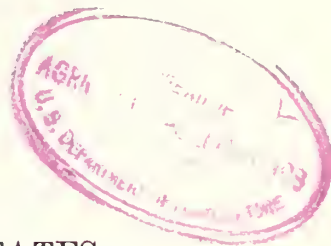
Intended to be proposed by Mr. THOMAS of Oklahoma to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

DECEMBER 22, 1941

Referred to the Committee on Banking and Currency
and ordered to be printed

77TH CONGRESS
1ST SESSION

H. R. 5990



IN THE SENATE OF THE UNITED STATES

DECEMBER 22, 1941

Referred to the Committee on Banking and Currency and ordered to be printed

AMENDMENT

Intended to be proposed by Mr. THOMAS of Oklahoma to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes, viz:

1 On pages 9 and 10, strike section 3, relative to agri-
2 cultural commodities, and at the proper place insert the
3 following:

4 “TITLE—RELATING TO PARITY PRICES AND
5 POWERS DELEGATED

6 “PLAN TO ASSIST IN THE CONTROL OF INFLATION THROUGH
7 A FAIR, JUST, AND EQUITABLE REGULATION AND AD-
8 JUSTMENT OF PRICES ACCORDING TO A DEFINITE
9 FORMULA”

1 SEC. Section 301 of title II, of Public Numbered 430,
2 Seventy-fifth Congress, approved February 16, 1938, is
3 hereby amended to read as follows:

4 “SEC. 301. GENERAL DEFINITIONS.—For the purposes
5 of this title and the declaration of policy—

6 “(1) ‘Parity’, as applied to the price for any commodity
7 is that price which will give to such commodity a value or
8 purchasing power with respect to articles that the producers
9 of such commodity may buy equivalent to the purchasing
10 power of such commodity in the base period as adjusted and
11 provided herein:

12 “(a) The base period for the purposes of this title
13 is the ten-year period from July 1, 1919, to June 30,
14 1929, inclusive.

15 “(b) In calculating the ‘parity’ price for any com-
16 modity, such price with respect to value or purchasing
17 power shall be determined at any given time on the basis
18 of the price relationship existing between such commod-
19 ity and the articles that the producers of such commodity
20 may buy as such relationship existed during the base
21 period and as provided in this section.

22 “(c) For the purpose of calculating the ‘parity’
23 price for any commodity, the index number of 100 as
24 determined by the Bureau of Labor Statistics for the

1 year 1926 shall equal the base price for all articles that
2 producers may buy.

3 “(2) All ‘parity’ prices for commodities shall be calcu-
4 lated as nearly as possible on the formula provided for cotton,
5 as provided herein, and the base price and parity price for
6 cotton shall be calculated on the following formula:

7 “(a) The base price for cotton shall be the average
8 price of spot seven-eighths-inch Middling cotton as such
9 price was current at the ten recognized southern con-
10 centration points at the close of such markets on the 1st
11 and 15th days of each month during each fiscal year of
12 the base period and the average of such bimonthly prices
13 shall be considered the average or base price for cotton
14 during such base period: *Provided*, That, if either the
15 1st or 15th day of any month falls on Sunday or a legal
16 holiday when any or all of the selected market places are
17 closed, then the market close on the first succeeding
18 market day shall be considered: *Provided further*, That
19 the base price for wheat shall be the average price of
20 number 1 wheat as such price was current at not to
21 exceed ten general wheat markets or wheat concentra-
22 tion points on the 1st and 15th days of each month
23 during each fiscal year of the base period, and the
24 average price for such wheat at such points during such

1 base periods shall be considered the average or base price
2 for wheat for the purposes of this Act: *Provided further*,
3 That the base price for corn, rice, tobacco, and any other
4 commodity shall be calculated on the same formula as
5 is provided for cotton and wheat: *And provided further*,
6 That the Secretary of Agriculture is herein authorized
7 to select not to exceed ten general market places for any
8 farm commodity, other than cotton, and the Secretary of
9 Commerce is authorized to select not to exceed ten gen-
10 eral market places for commodities other than farm
11 products, and each to calculate the average or base prices
12 of commodities as provided herein.

13 “(b) The average price of cotton, wheat, corn, rice,
14 tobacco, or any other commodity during the base period,
15 as provided in (2) (a) above, shall be the base price
16 for any such commodity.

17 “(3) The ‘parity’ price for cotton, wheat, corn, rice,
18 tobacco, or any other commodity as provided herein shall be
19 calculated at any given time by using the all commodity index
20 number as ascertained by the Bureau of Labor Statistics and
21 by multiplying the base price of any commodity by the said
22 index number the product ascertained will be the parity price
23 for such commodity.”

24 SEC. 2. The provisions of said section 301 as amended
25 herein with respect to farm commodities shall be adminis-

1 tered by the Secretary of Agriculture and with respect to
2 all other commodities the provisions of said section shall be
3 administered by the Secretary of Commerce, and the parity
4 prices for the base agricultural products shall be calculated
5 and publicly announced at least once during each calendar
6 month of each year.

7 SEC. The Administrator, as provided in title of this
8 Act, with respect to fixing prices on and for any commodity,
9 farm, industrial, or otherwise, shall be governed at all times
10 by the parity price of such commodity as calculated and
11 publicly announced by the Secretary of Agriculture or by
12 the Secretary of Commerce, as provided herein: *Provided*,
13 That—

14 (a) The Administrator is authorized to secure from the
15 Secretary of Agriculture or the Secretary of Commerce the
16 average or base price on or for any commodity as provided
17 in this title and is authorized to secure from the Department
18 of Labor the current index number as defined herein and
19 may calculate, as provided herein, and announce the parity
20 price of or for any commodity at any time.

21 (b) The Administrator is not authorized to and shall not
22 fix a price on or for any commodity at any time at a figure
23 below the parity price of such commodity calculated and
24 determined as provided herein.

25 (c) When the current market price of any commodity is

1 (1) at parity or (2) is within five points below parity, the
2 Administrator is authorized to consider, determine, and fix
3 a price for or on such commodity, as provided herein and
4 to make such order or orders, and to take such action as
5 may be necessary to fix and stabilize such price on or for
6 such commodity until modified or rescinded by an appropriate
7 order as provided by this Act.

8 (d) Upon the approval of this Act the Administrator
9 is authorized to consider the current price of any commodity
10 and if he finds that such price is above parity as provided
11 herein, he is authorized to investigate such price and if he
12 finds, upon such investigation, that such current price is
13 unwarranted, unjust, and indefensible, then after such a find-
14 ing he is hereby authorized to fix a price on and for such
15 commodity which will bring such price to a fair and just
16 relationship with the other prices in our domestic economy.

17 (e) With respect to the price of any commodity of
18 which we have a surplus and so long as such price of such
19 commodity does not reach within five points (per cent)
20 of parity as provided herein, the Administrator is without
21 authority to act.

22 (f) The Administrator shall not fix a price on or for
23 any byproduct, processed article, finished product, or similar
24 or comparable commodity, or on any byproduct, finished
25 product, or similar product, either made or derived from

1 such similar or comparable commodity, which will have the
2 effect of reducing the price of any other commodity below
3 the current parity price for such commodity.

4 (g) Any order made by the Administrator fixing any
5 price on or for any commodity, or article, at a higher or lower
6 figure than the limits authorized by this Act shall be null
7 and void.

AMENDMENT

Intended to be proposed by Mr. Thomas of Oklahoma to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

DECEMBER 22, 1941

Referred to the Committee on Banking and Currency
and ordered to be printed

EMERGENCY PRICE CONTROL ACT OF 1942

JANUARY 2, 1942.—Ordered to be printed

Mr. BROWN, from the Committee on Banking and Currency,
submitted the following

REPORT

[To accompany H. R. 5990]

The Committee on Banking and Currency, to whom was referred the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes, having considered the same report thereon with an amendment in the nature of a substitute and recommend that the bill as amended do pass.

I. PRICE LEGISLATION AND THE WAR

December 7, 1941 marked the end of our defense program and the beginning of a grim war effort. This is more than a difference of degree. What was before regarded as a future and distant menace has suddenly and treacherously revealed itself as an imminent and frightful danger. What was before, peace, however precarious, is now war with Germany, Japan, and Italy. What was before a moderate program of rearmament and friendly aid is now unlimited national mobilization in a war for survival. And to the successful termination of this world war the Congress has pledged our inheritance and our lives.

By this bill we are seeking to provide emergency authority for the control of prices. Our hearings, however, were directed to a bill enacted by the House before Pearl Harbor. In our judgment that bill must be reconsidered in the light of these changed conditions.

We were concerned with the danger of inflation even before December 7. During the month of November 1941 defense expenditures were at the rate of about \$2,000,000,000, and that rate was increasing. The Government needed and was buying vast quantities of weapons and supplies. This not only reduced the volume of goods available for civilian use but simultaneously enlarged the demand for those goods. Automobile plants were beginning to make tanks and planes,

not pleasure cars. For even we had no such abundance of metals and machine tools as to continue the unrestricted production of both. Production for civilian use was decreasing. More men with steady jobs meant larger total pay rolls. Purchasing power was increasing.

Under normal competitive conditions, supply and demand operate so that higher prices either reduce demand or bring out increased supplies, with consequent readjustments in the price structure. But when as a physical matter supply can no longer be increased or must even be curtailed, and when demand remains insistent, the result is inflation with all of its tragic and dangerous disruptions.

On December 1, 1941, the Bureau of Labor Statistics Index of 28 basic commodities had already increased about 57 percent beyond its August 1939 level; wholesale prices generally had increased about 23 percent, and the cost of living 12 percent. More alarming even than the total advance was the accelerating rate of increase. In the preceding 9 months there had occurred one-half of the total advance in basic commodity prices, two-thirds of the increase in wholesale prices, and four-fifths of the increase in the cost of living. Nor was there any reason to suppose that the rate of increase in the cost of living would be reduced, because much of the advance in wholesale prices had not yet been reflected in the retail markets.

Now that we are engaged in a world war the pressures on the price structure, already enormous, will be multiplied. For war means a larger Army, a larger Navy, a bigger arms program. It means that delivery schedules must be moved forward. It means a faster rate of expenditure. War also means blockades and sinkings, and rapid conversion from civilian to military production, and therefore acute shortages in vital civilian goods. Finally, war means a virtually unlimited demand from the military and from our Allies.

Wherever practicable, supply must be increased and, so far as possible, purchasing power reduced. We have not yet seen the effective limits of either expanded production or taxation and credit control, but it is plain that we shall soon approach the practical limits of both. Effective price control, under these circumstances, must no longer be delayed.

If we fail on this sector of the domestic front, whatever our success in the field, on the sea, or in the air, victory will be bitter. For of all the consequences of war, except human slaughter, inflation is the most destructive. This is true however we measure the effect of inflation, whether on national morale, war production, or dollar indebtedness.

Rising prices and increases in the cost of living bring misery to our people, cause industrial unrest, and undermine our unity. Since prices do not advance at the same rate for all commodities, and living costs tend to rise more quickly than wages, the burdens of war are haphazardly distributed, with the heaviest burden on the farmer, the salaried worker, the small investor, the pensioner, and the veteran, whose incomes cannot readily be expanded. Rising living costs mean labor disputes and spiraling wage demands. And the suspicion of profiteering causes discontent which hampers production as surely as the bombing of factories. Rising prices now foreshadow an inevitable and precipitate deflation later with attendant depression and suffering.

Such prospects and fears are not matters of future concern only. They sap energy and morale now.

Rising prices limit production. For price uncertainties prevent future planning and long-term commitments which are an integral part of the industrial process. Moreover, the entire program of priorities and allocation of scarce materials is in large measure dependent upon price stability. The flow of goods through the priority system cannot be controlled if producers are subjected to the temptation of increased prices from other sources. Either the Government and other vital consumers are forced to bid against nonessential users, or bootlegging flourishes in violation of priorities regulation. Anticipation of rising prices attracts speculators and induces hoarding. This not only causes prices to rise above the level justified by demand and supply conditions, but results in withholding of essential materials from war production.

Rising prices inevitably increase the cost of the defense program. It is estimated that out of a total expenditure of 31 billion dollars from 1915 to 1919, 13½ billion dollars is attributable to the World War inflation. Since the summer of 1940, price increases have already cost us about 2 billion dollars. With appropriations and expenditures swiftly increasing, the resultant cost of inflation and the ultimate burden of indebtedness may engulf us.

These prospects the committee cannot face with equanimity. We must make adequate provision to prevent their occurrence. Accordingly, in amending the House bill, the committee has sought to strengthen it. That bill, when we were not actually at war, might have sufficed. If the authority granted had proved inadequate, additional powers might have been sought and there might have been time to do so. But the swiftly moving pace of war, with evidences of inflation already apparent, leaves little time for the luxury of experiment. The need for price stability is urgent. The cost of living must be stabilized.

The committee has largely accepted the substantive provisions of the House bill, but regards prompt enactment of this stronger bill as imperative to the safety of our country.

II. THE PRESIDENT'S MESSAGE

On July 30, 1941, the President transmitted to Congress a message setting forth the necessity for, and requesting the enactment by Congress of, legislation providing for the control of prices. That message is as follows:

[H. Doc. No. 332, 77th Cong., 1st sess.]

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES TRANSMITTING REQUEST FOR LEGISLATION STABILIZING THE PRICE OF VARIOUS COMMODITIES AND RENTALS

To the Congress of the United States:

Inflationary price rises and increases in the cost of living are today threatening to undermine our defense effort. I am, therefore, recommending to the Congress the adoption of measures to deal with this threat.

We are now spending more than \$30,000,000 a day on defense. This rate must and will increase. In June of this year we spent about \$808,000,000—more than five times the \$153,000,000 we spent in June 1940. Every dollar spent for defense presses against an already limited supply of materials.

This pressure is sharply accentuated by an ever-increasing civilian demand. For the first time in years many of our workers are in the market for the goods they have always wanted. This means more buyers for more products which contain steel and aluminum and other materials needed for defense. Thus a rapidly expanding civilian demand has been added to a vast and insistent demand by the Government.

Those who have money to spend are willing to bid for the goods. The Government must and will satisfy its defense needs. In such a situation, price advances merely determine who gets the scarce materials, without increasing the available supply. We face inflation, unless we act decisively and without delay.

The consequences of inflation are well known. We have seen them before.

Producers, unable to determine what their costs will be, hesitate to enter into defense contracts or otherwise to commit themselves to ventures whose outcome they cannot foresee. The whole production machinery falters.

Speculators, anticipating successive price advances, withhold commodities from essential military production.

Costs to the Government increase, and with it the public debt.

Increases in the workers' cost of living, on the one hand, and excessive profits for the manufacturer, on the other, lead to spiraling demands for higher wages. This means friction between employer and employed.

Great profits are reaped by some, while others, with fixed and low incomes, find their living standards drastically reduced and their life-long savings shrunken. The unskilled worker, the white-collar worker, the farmer, the small businessman, and the small investor all find that their dollar buys ever less and less.

The burden of defense is thrown haphazardly and inequitably on those with fixed income of whose bargaining power is too weak to secure increases in income commensurate with the rise in the cost of living.

And over all hovers the specter of future deflation and depression, to confuse and retard the defense effort and inevitably to aggravate the dangers and difficulties of a return to a normal peacetime basis.

Economic sacrifices there will be and we shall bear them cheerfully; but we are determined that the sacrifice of one shall not be the profit of another. Nothing will sap the morale of this Nation more quickly or ruinously than penalizing its sweat and skill and thrift by the individually undeserved and uncontrollable poverty of inflation.

Our objective, therefore, must be to see that inflation, arising from the abuse of power to increase prices because the supply is limited and the demand inflexible, does not occur during the present emergency.

Today we stand, as we did in the closing months of 1915, at the beginning of an upward sweep of the whole price structure. Then, too, we enjoyed relative stability in prices for almost a year and a half after the outbreak of war abroad. In October 1915, however, prices turned sharply upward. By April 1917 the wholesale price index had jumped 63 percent; by June 1917, 74 percent; and by June 1920 it was nearly 140 percent over the October 1915 mark.

The facts today are frighteningly similar.

The Bureau of Labor Statistics Index of 28 basic commodities, by the end of June, had advanced 50 percent beyond its August 1939 level. It has increased 24 percent since January of this year.

Since August 1939 the Bureau of Labor Statistics Index of 900 wholesale prices has advanced 17½ percent. It has increased 10 percent since January of this year. In the past 60 days wholesale prices have risen more than five times as fast as during the preceding period since the outbreak of the war abroad.

Since August 1939 the Bureau of Labor Statistics Index of the cost of living has advanced 5½ percent. It has increased 3½ percent since the beginning of this year, and the upward pressure is now intense. In a single month, from the middle of May to the middle of June, the cost of living jumped 2 percent. During the last quarter the increase in the cost of living was greater than during any similar period since the World War. But even yet the index does not fully reflect past increases, and only in a few months will it respond to current increases.

In 1915 the upward price movement proceeded unchecked so that when regulation was finally begun it was already too late. Now we have an opportunity to act before disastrous inflation is upon us. The choice is ours to make; but we must act speedily.

For 12 months we have tried to maintain a stable level of prices by enlisting the voluntary cooperation of business and through informal persuasive control. The effort has been widely supported because far-sighted business leaders realize that their own true interests would be jeopardized by runaway inflation. But

the existing authority over prices is indirect and circumscribed and operates through measures which are not appropriate or applicable in all circumstances. It has further been weakened by those who purport to recognize need for price stabilization yet challenge the existence of any effective power. In some cases, moreover, there has been evasion and bootlegging; in other cases the Office of Price Administration and Civilian Supply has been openly defied.

Faced now with the prospect of inflationary price advances, legislative action can no longer prudently be postponed. Our national safety demands that we take steps at once to extend, clarify, and strengthen the authority of the Government to act in the interest of the general welfare.

Legislation should include authority to establish ceilings for prices and rents, to purchase materials and commodities when necessary to assure price stability, and to deal more extensively with excesses in the field of installment credit. To be effective, such authority must be flexible and subject to exercise through license or regulations under expeditious and workable administrative procedures. Like other defense legislation, it should expire with the passing of the need, within a limited time after the end of the emergency.

The concept of a price ceiling is already familiar to us as a result of our own World War experience. Prices are not fixed or frozen; an upper limit alone is set. Prices may fluctuate below this limit, but they cannot go above it.

To make ceiling prices effective it will often be necessary, among other things, for the Government to increase the available supply of a commodity by purchases in this country or abroad. In other cases it will be essential to stabilize the market by buying and selling as the exigencies of price may require.

Housing is a commodity of universal use, the supply of which cannot speedily be increased. Despite the steps taken to assure adequate housing for defense, we are already confronted with rent increases ominously reminiscent of those which prevailed during the World War. This is a development that must be arrested before rent profiteering can develop to increase the cost of living and to damage the civilian morale.

Of course there cannot be price stability if labor costs rise abnormally. Labor has far more to gain from price stability than from abnormal wage increases. For these are likely to be illusory, and quickly overtaken by sharp rises in living costs which fall with particular hardship on the least fortunate of our workers and our old people.

There will always be need for wage adjustments from time to time to rectify inequitable situations. But labor as a whole will fare best from a labor policy which recognizes that wages in the defense industries should not substantially exceed the prevailing wage rates in comparable nondefense industries where fair labor policies have been maintained. Already through the efforts of the National Defense Mediation Board and wage stabilization committees, wage standards are being established and a measure of wage stability is being brought to particular industries. It is expected that such activities will be continued, extended, and made increasingly effective.

I recognize that the obligation not to seek an excessive profit from the defense emergency rests with equal force on labor and on industry, and that both must assume their responsibilities if we are to avoid inflation.

I also recognize that we may expect the wholehearted and voluntary cooperation of labor only when it has been assured a reasonable and stable income in terms of the things money will buy and equal restraint or sacrifice on the part of all others who participate in the defense program. This means not only a reasonable stabilization of prices and the cost of living but the effective taxation of excess profits and purchasing power. In this way alone can the Nation be protected from the evil consequences of a chaotic struggle for gains which must prove either illusory or unjust, and which must lead to the disaster of unchecked inflation.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, July 30, 1941.

On August 1, 1941, a bill (H. R. 5479) embodying legislation of the character recommended in the above message, was introduced and referred to the House Committee on Banking and Currency. Extensive and exhaustive hearings were held on this bill, extending over a period from August 5 to October 23. At the conclusion of the hearings the committee, in executive session, considered the bill, adopted certain amendments thereto, and directed the chairman of the com-

mittee to introduce in the House a new bill, representing the bill (H. R. 5479) as so amended. This bill was considered by the Committee of the Whole House during the week of November 24, amended, and passed on November 28.

On December 4 this bill was referred to the Committee on Banking and Currency of the Senate. Since the 2 volumes of House hearings were available to the members of the committee, and included almost 2,300 pages of testimony and exhibits, an effort was made, so far as was practicable, to restrict the Senate hearings to new matters. Hearings were held before the committee from December 9 to December 17. A subcommittee was then immediately appointed which extensively revised and strengthened the House bill in the light of the hearings and the onslaught of war. The bill prepared by the subcommittee was referred to the full committee on January 2.

III. PRINCIPAL ISSUES RAISED BY THE COMMITTEE SUBSTITUTE AND THE HOUSE BILL

1. ADMINISTRATION AND REVIEW

The committee substitute creates an Office of Price Administration under the direction of an Administrator appointed by the President with the advice and consent of the Senate. Authority is delegated to this Administrator to issue price and rent regulations, in accordance with the standards prescribed by the bill. All such authority expires on June 30, 1943, unless renewed by Congress. The House bill also provided for such an Administrator but qualified and divided his responsibility by creating a five-man Board of Administrative Review with power to revise, supplant, or set aside the regulations of the Administrator, upon the appeal of anyone subject to them. There are several difficulties inherent in such an arrangement. First, the Board would be required either to duplicate the staff and the investigations of the Administrator, or else to substitute its judgment for that of the Administrator on the basis of inadequate information and understanding. Second, the establishment of a dual control system would stimulate appeals in virtually every case thus injuring business because of uncertainty as to the final price and inducing widespread disregard of the Administrator's action. Finally, since the Board would act only on the application of private parties protesting against particular regulations, it would have no authority to initiate, or responsibility for carrying through an effective program of price control. Such separation of authority and responsibility would undermine the position of the Administrator without substituting any clear-cut responsibility in its place.

The committee also considered the alternative of substituting a board of several members for a single Administrator. However, almost every qualified witness who testified before the Senate and House committees urged centralization of ultimate authority and responsibility in a single individual. World War experience, our own experience during the defense program, and now our brief experience in war, all point in the same direction. The committee is satisfied that the substitution of a board for the single Administrator would result in a diffusion of responsibility detrimental to a vigorous and effective price-control program. The committee, however, has not

been unmindful of the desirability of providing safeguards against abuse of power under the bill.

Both the House bill and the committee substitute provide that the issuance of a price or rent regulation must be accompanied by a statement of the considerations underlying the Administrator's action. This will serve to expose to public scrutiny and criticism the grounds upon which the price and rent regulations are based. The Administrator, in order to retain public confidence and support, will thereby be required to identify the problems arising in connection with each price regulation and to indicate the reasons for his actions.

The committee substitute also guarantees to individuals an opportunity to be heard in opposition to price and rent regulations and other regulations. But in the place of extended adversary hearings, the committee substitute provides for the filing of protests with the Administrator supported by affidavits and other written evidence. If the Administrator wishes to introduce additional written evidence into the record, the protestant must be afforded an opportunity to answer it. The issues involved will be generally such that the demeanor of witnesses will be unimportant. Nevertheless, the Administrator may also afford the opportunity for oral argument and testimony when he finds that this is necessary to a full exploration of the issues. If the protest is denied the Administrator must render a written opinion indicating not only the grounds upon which the decision is based, but also the economic data and other facts of which he has taken official notice in reaching his conclusion. These hearing provisions, although they do not require an oral hearing in every case, accord every protestant an adequate opportunity to present the arguments and facts in his possession and to refute all those upon which the Administrator relies. As a practical matter, the substitution in most instances of written for oral procedure affords realistic opportunity for hearing to those who desire it, while eliminating the necessity for lengthy and costly trials with concomitant dissipation of the time and energies of all concerned in litigation rather than in the common war effort. This shortened hearing procedure, which has already been developed by other Federal administrative agencies, is entirely consistent with the preservation of individual rights, and is essential to the administration of an emergency price-control statute.

The committee bill substitutes judicial review of price and rent regulations and other regulations issued under section 2 by a special court called the Emergency Court of Appeals for the judicial review by the circuit courts of appeals provided for in the House bill. This special court is to consist of Federal district and circuit judges designated by the Chief Justice of the United States. The Emergency Court is established in order to avoid the confusion which would result from conflicting decisions in different circuits on the same regulations. It will also permit the expeditious consideration and disposition of problems arising under the statute by a court familiar with its provisions and operation.

The Emergency Court may set aside and enjoin such regulations if satisfied that they are not in accordance with law or are arbitrary or capricious. These review provisions of the bill are declaratory of traditional standards formulated by the United States Supreme Court for judicial review of delegated legislative action comparable to the issuance of price or rent regulations. Although the Court may not substitute its judgment for that of the Administrator on questions of fact, it may examine the entire record before

the Administrator to determine whether he has acted in accordance with the statute, whether the procedure that he has followed is in accordance with accepted standards of due process of law, and whether he has exercised a reasonable judgment on questions committed to his discretion. The grounds upon which the Administrator acted and the economic data and other facts of which he has taken official notice will be disclosed to the Court. The Court may also require the Administrator to include additional evidence in the record if such evidence has been rejected by the Administrator or could not reasonably have been presented to him. The procedure for judicial review in the Emergency Court of Appeals is thus essentially the same as suits in three-judge district courts to review orders of the Interstate Commerce Commission and many other Federal administrative agencies.

2. ENFORCEMENT

Price control which cannot be made effective is at least as bad as no price control at all. It will not stop inflation, and enables those who defy regulation to profit at the expense of the buyers and sellers who unselfishly cooperate in the interests of the emergency. To discourage initial violations, the committee substitute provides for actions at law to recover \$50 or three times the amount of the illegal overcharges. This will permit private purchasers who buy for personal use or consumption, rather than in the course of trade or business, to protect themselves against violations of the act. The bill, in addition, authorizes the Administrator to issue or require licenses where he deems such action necessary to assure effective enforcement. The bill also authorizes the Administrator to seek a court injunction against violations of the act, and provides for the punishment of the most flagrant violations by criminal prosecutions subject to the supervision and control of the Department of Justice.

The committee, of course, recognizes that competent administration and enforcement of the act will be impossible unless the Administrator and persons acting under his direction are given broad investigatory powers. To this end the bill, like most recent legislation, provides authority for obtaining any information, oral or written, which may be of assistance to the Administrator in carrying out his duties. Power to enforce the right of inspection and to compel oral testimony and the production of documents is given to the appropriate courts.

(a) *Licensing*.—The experience of this and other democratic nations has shown that in many cases criminal prosecutions are too harsh and that suits to enjoin further violations not only are inadequate to prevent initial infractions of law but are too costly and too long drawn out to prove effective in a period of crisis. Neither method of enforcement, moreover, provides a means for determining who is engaged in any particular trade or industry where there are numerous sellers. Nor are criminal prosecutions or injunction suits sufficiently flexible to assure substantial justice in the particular case. Licensing, on the other hand, in many cases will provide the effectiveness and speed that are so necessary to adequate enforcement of wartime measures, and, in addition, the flexibility which is essential to avoid hardship to the law-abiding businessman.

American experience during the last war shows that both compliance and flexibility are attainable goals. That experience arose primarily

out of the licensing provisions of the Lever Act. Under that statute Mr. Herbert Hoover as Food Administrator was given broad licensing power which was extensively and effectively used. On the other hand, the Fuel Administration did not at first have the power to license, but it was soon discovered that such power was necessary; the result again was enforcement which, although highly effective, caused no hardship to business. Reports of the Food and Fuel Administrations reveal that it was rarely necessary to suspend or revoke a license; the threat of revocation was sufficient in substantially all instances to achieve compliance.

Great Britain and Canada have had similar experiences, with the result that today licensing in a form much more drastic than is proposed in the committee substitute is used widely in both nations. Indeed, our own State and Federal laws already contain numerous instances of the use of the licensing power as a regulatory device for other purposes.

Balanced against the efficiency of the licensing provisions of the bill are the elaborate safeguards against abuse. Thus, the bill provides that no person may be refused a license. The license cannot be used to control the number of persons in the particular trade or industry. Freedom of speech and of the press is guaranteed by a provision that no license may be required as a condition of selling and distributing written matter or radio time, and the freedom of every farmer to market his own produce without a license is guaranteed by express provision.

Suspension of a license, which is limited to a maximum period of 12 months, may be ordered only by a court. The Administrator has no power to suspend or revoke a license under the committee substitute. Grounds for suspension do not exist until a licensee has first received from the Administrator a warning notice that he has violated a provision of the license or of any regulation, order, price schedule, or requirement which may be applicable to him. If he ignores such a warning notice, and again violates, the Administrator may apply to the local, State, or territorial court for a suspension order or, in certain circumstances, he may apply to the appropriate United States district court. If the court suspends the license, the licensee may appeal and may secure a stay pending the appeal if his case merits it.

Without licensing, the price bill would be little more than an authorization to continue price administration in certain major fields on a voluntary basis. For price control without licensing is virtually impossible where the number of sellers is large. Injunctions and penalties will suffice where there are few sellers; but where there are many sellers, as in retailing, for example, it is impossible to determine who is subject to control, much less enforce price regulations, without licensing. Of these facts industry is fully aware. Licensing provides a simple and direct control over violators and, as the trade press has pointed out, in the great majority of cases, obviates the need for resort to drastic penalties or burdensome lawsuits.

(b) *Actions to Recover Damages.*—Such actions have proved valuable in the enforcement of other regulatory statutes, such as the Fair Labor Standards Act, both to relieve the Government of a part of the burden of enforcement and to deter initial violations. They afford a remedy at law to persons damaged by having had to pay unlawfully high prices. An action of this sort may be brought by any person who buys for use or consumption other than in the course of trade or

business, to recover from the seller who violates a price regulation, or price schedule, damages in the sum of \$50 or treble the amount of the unlawful overcharge. Reasonable attorney's fees and costs are to be allowed by the court to a buyer who prevails in such a suit. The same remedy is made available to persons who pay excessive rentals for defense-area housing accommodations. A similar provision has already been incorporated in the District of Columbia rent law just passed by Congress.

All such actions may be brought in any Federal court or State court of competent jurisdiction, and must be instituted within 1 year after delivery is completed or rent is paid. The further provision that the Administrator may sue on behalf of the United States not only where the United States is the consumer but also if the buyer is not entitled to bring suit will apply to situations in which the buyer is barred for bad faith or for some other reason, or in which the buyer is a purchaser in the course of trade or business. This subsection does not become effective until 6 months after the enactment of this bill.

(c) *Suits to enjoin violations.*—In common with substantially all regulatory statutes, the bill authorizes the official charged with the duty of administering the act to apply to any appropriate court, State or Federal, for an order enjoining any person who has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of the bill. Such courts are given jurisdiction to issue whatever order to enforce compliance is proper in the circumstances of each particular case.

(d) *Criminal prosecutions.*—Whenever the Administrator discovers evidence of willful violations of the act, or any regulation, order, or price schedule, promulgated under it, he may so advise the Attorney General, who may in his discretion institute a criminal prosecution in the appropriate district court. If the violator is convicted, he may be punished by a fine not to exceed \$5,000 or by imprisonment not to exceed 1 year, or both.

3. THE POWER TO BUY AND SELL

Because of the intimate correlation between price problems and problems of supply, it is indispensable that the power to buy and sell commodities be granted to the Administrator if price stability is to be achieved. Briefly stated, the major purposes for which the power is necessary are as follows:

(a) To obtain the needed production of marginal and high cost producers without disturbing the general price structure.

(b) To expand existing production beyond present capacity.

(c) To permit control of the prices of imported commodities where the United States is dependent upon foreign sources of supply or where imports are necessary to augment the domestic supply.

(d) To permit purchase and sale of commodities to prevent price increases inconsistent with the purposes of the act.

Underlying all of the objectives is the agreed fundamental concept that there are numerous instances where price stability can be obtained, without interfering with production and supply, only if the Government buys at one price and sells at a lower price. The power to sell Government property is limited under the Constitution, and must be expressly granted by Congress (art. 4, sec. 3). Accordingly, before buying and selling can be undertaken by a governmental agency,

specific and clear-cut authority must be found, particularly as to the power to sell below the purchase price.

The House bill does not grant any new power to buy or to sell. It expressly limits the power to "any authority heretofore or hereafter conferred" upon any existing agency or agencies. An examination of those existing powers leads to but one conclusion: namely, that such powers are limited, either with respect to the commodities or by the administrative practice of the agency, in such a way that the authority could or would not be effectively utilized to accomplish the objectives sought by this section of the bill. The need for express statutory authorization is clear.

To prevent any duplication of effort or conflict with existing legislation, the House provision is retained whereby the power to buy and sell critical or strategic materials is reserved solely to the Reconstruction Finance Corporation. Moreover, any doubt as to the authority of that agency to sell such materials at less than purchase price is eliminated by a specific grant of authority.

The House bill expressly limited the power to buy and sell so that it could be exercised only to obtain marginal and high-cost production. Equally important is the power to encourage expansion of supply beyond total existing capacity. Effective price control in a war economy frequently depends upon an expansion of productive capacity, and, if new production is to be stimulated, the Government must often pay a price related to the emergency character of the demand. Thereafter, if general price stability is to be insured, the added production must be distributed to the consumers at prices which will permit the maintenance of the existing level of prices. Only by Government buying and selling can this result be achieved.

The House further limited the power to buy and sell to domestic commodities. Sellers abroad are obviously not subject to price regulation by this country and prices of imported commodities will frequently reach inflated levels before the commodity becomes subject to our jurisdiction. Moreover, where imports are necessary to augment the domestic supply, or where we are entirely dependent upon foreign sources of supply, the temptation to profiteer becomes too great to be controlled by ordinary measures. Only governmental control of the supply, coupled with distribution at reasonable prices, can eliminate that temptation. It should be noted that two important limitations are placed on the power of the Administrator to purchase and sell imported commodities. First, he can import commodities which are also domestically produced only in those cases where domestic production is insufficient to satisfy the demand. Second, the House provision that nothing in the section "shall be construed to modify, suspend, amend, or supersede any provision of the Tariff Act of 1930, as amended," has been retained.

One further important limitation contained in the House bill is retained by the committee substitute. The bill expressly provides that the policy laid down by the Congress with respect to agricultural commodities remains paramount to any authority conferred by the Emergency Price Control Act of 1942. The committee bill does not and cannot be construed to limit, expand, or alter the existing powers and policies of the agencies charged with the administration of the Agricultural Adjustment Act of 1938, as amended. They remain exactly as presently constituted.

4. WAGES

The House bill specifically forbids the Administrator from establishing ceilings, or other direct controls, over wages. We concur in this provision and recommend that no such power should be given to the Administrator. The committee has provided, however, that it shall be the policy of those departments and agencies of the Government dealing with wages, within the limits of their authority and jurisdiction, to work toward a stabilization of prices and costs of production.

Legislation providing for control over wages may ultimately be found necessary as an emergency measure but there are strong reasons why such control, even if it became necessary, should not be exercised by the same agency as that which is charged with the control over prices.

The problems of wage control are totally dissimilar from those of price control and are extraordinarily complex. Wage rates are closely associated with problems of working conditions, the proper evaluation and classification of skills, the functioning of collective bargaining processes and many other factors peculiar to the labor market.

The unique nature of the problems in the field of wage determination is reflected in the laws that have been enacted and in the agencies established under such laws to deal with this problem. The complex nature of the problem is indicated not only by the treatment accorded it in this country in peacetime, but also in the treatment accorded it in all other countries in time of war. It is significant that no other country has found it practical to place both wage control and price control in the hands of a single agency.

A broader and more fundamental objection to the regulation of wages by techniques similar to those appropriate for the control of prices lies in the fact that wage control is income control. Price control itself constitutes a limitation upon the total income derived from production, but this must be sharply distinguished from control over the apportionment of that income among those contributing to its production. Under normal circumstances the competition of the market limits the extent to which prices, wages, salaries, or any other income may rise. Business men and labor recognize that prices and wages can be raised only at the expense of sales volume and employment. Wage bargaining proceeds on that basis. Under emergency circumstances, the establishment of maximum prices serves precisely the same function. Maximum price regulation, by limiting the total value of output, limits the sum available for apportionment. It sets the framework within which this apportionment may be determined upon bases mutually agreeable to the parties involved.

The direct fixing of wage rates implies the specific determination of the income of labor. It could, in no event, be acceptable unless coupled with direct and specific determination of the salaries of management, the dividends of stockholders, the interest payments received by bondholders, the incomes of farmers or merchants, of professional persons and of all others. Such controls, bewildering in their complexity, are not yet necessary to prevent inflation. Such controls would require a huge administrative staff badly needed for necessary and indeed urgent tasks in other quarters. Such controls, unless the need were more clearly indicated, might breed widespread

resentment and seriously disrupt the mobilization of resources for the prosecution of the war.

5. AGRICULTURAL COMMODITIES

The effectuation of the principle of parity prices for agriculture requires that in a general price program special safeguards be provided with respect to agricultural commodities. We therefore recommend that the powers of the Administrator be limited in this respect, in that no maximum price shall be established for any agricultural commodity below (1) the market price equivalent to 110 per cent of the parity price of that commodity, or (2) the price of that commodity on October 1, 1941. These are floors below which maximum prices may not be fixed. They are not ceilings. The Administrator may thus establish maximum prices for agricultural commodities above the higher of the market prices therefor specified in the bill. We recommend that the further alternative provided by the House bill, namely, the average price of the commodity from July 1, 1919, to June 30, 1929, be eliminated.

We recommend acceptance of 110 percent of parity for the reason that it is designed to assure a season's average of parity prices for the farmer. In the case of most industrial goods placed under regulation, conditions of manufacture and of sale during the emergency afford reasonable assurance to the producers thereof that the maximum price will be obtained. In the case of agricultural commodities, on the other hand, the conditions of production and of sale afford no such assurance. Agricultural prices fluctuate over a wide range from season to season and from year to year. To secure parity prices, it is therefore necessary to permit agricultural prices to rise sometimes above parity in order to offset their sometimes falling below that level. It is for this reason that the Administrator is directed to impose no ceiling on an agricultural commodity below 110 percent of its parity price.

For the main agricultural commodities it is recognized that the 110-percent provision will allow for a substantial further increase. Thus the price of wheat on December 15 was \$1.02 per bushel. The 110-percent provision will allow wheat to advance to \$1.40. Corn will be allowed an increase of from 66.9 cents per bushel on December 15 to \$1.01, at 110 percent of parity. Cotton which was 16.23 cents per pound on November 15 may rise to 19.65 cents. It should be added that these figures are based on present parity. Some upward revision of parity prices may be expected so that minimum limits will be somewhat higher than those here indicated.

We also accept the October 1 limitation because it is designed to prevent dislocations attendant upon any downward adjustments of prices recently attained during the fall marketing of agricultural products.

We do not recommend concurrence in the 1919-29 average price limitation contained in the House bill. Under this provision, on the basis of price relationships prevailing December 15, 1941, the increase of farm prices which could occur would be unreasonable and inflationary. For example, cotton prices could rise to 119 percent of parity, potato prices to 123 percent of parity, the price of chickens to 130 percent of parity before the Administrator would have the power to impose ceilings on them. Such increases, going far beyond

parity, would represent not equal treatment to the farmer but preferential treatment. This would be conducive neither to the public interest nor to the interest of the farmers themselves. By abandoning the principle of parity, for the acceptance of which the farmers have labored many years, and by encouraging inflationary tendencies, this provision would strike a direct blow at the interest of farmers themselves. It would permit strong upward pressure upon the cost of living, upon wages, and thus upon the entire price structure. This must have the effect of increasing the prices paid by farmers for the things they buy.

IV. SECTIONAL ANALYSIS

TITLE I—GENERAL PROVISIONS AND AUTHORITY

PURPOSES; TIME LIMIT; APPLICABILITY

Section 1 (a) of title I states the purposes of the bill. This statement of purposes is referred to throughout the bill and provides a guide for administrative and judicial interpretation of the statute, and establishes standards for the exercise of the powers delegated by the bill. This subsection also contains a provision that it shall be the policy of those departments and agencies of the Government dealing with wages, within the limits of their authority and jurisdiction, to work toward a stabilization of prices and costs of production.

Section 1 (b) provides that the powers conferred under the bill shall terminate on June 30, 1943, unless sooner terminated by act of Congress or by a proclamation by the President that such powers are no longer necessary in the interest of national defense and security.

Section 1 (c) makes the provisions of the bill applicable to the United States, its Territories and possessions, and the District of Columbia.

COMMODITY PRICES

Section 2 of the bill contains the basic grants of authority to control prices, rents, and related practices.

Section 2 (a) authorizes the Price Administrator (provided for in sec. 201 of the bill), whenever in his judgment the prices of one or more commodities have risen or threaten to rise to an extent or in a manner inconsistent with the purposes of the bill, to establish such maximum prices as in his judgment will be generally fair and equitable and will effectuate the purposes of the bill. These are the basic general standards to guide the Administrator in establishing maximum prices for individual commodities or groups of commodities, or if need be, for all commodities. In addition, in establishing maximum prices for any commodity, the Administrator is directed, so far as practicable, to ascertain and give due consideration to the prices prevailing for such commodity between October 1 and October 15, 1941 (or if such period reflects abnormal market conditions then during the nearest normal two-week period), and to make adjustments for such relevant factors as he may determine to be of general applicability. Among the factors for which the Administrator may make adjustments the bill specifies speculative fluctuations, general increases or decreases in costs of production, distribution and transportation, and general increases or decreases in profits earned by the sellers of the commodity during and subsequent to the year ended October 1, 1941.

Thus the bill does not require the Administrator to arrive at a maximum price by some complicated formula. It provides that the Administrator may establish as the maximum price for a commodity the prices which prevailed for that commodity between October 1 and October 15, 1941, and which buyers and sellers have worked out for themselves. If the prices prevailing between October 1 and October 15, 1941, reflect abnormal market conditions for a particular commodity, because, for example, they reflect seasonal or peculiar fluctuations, the Administrator may take the prices prevailing during the 2-week period nearest October 1-15, 1941, which he determines is not abnormal. In determining to adhere to, or depart from, the prices prevailing during such period and the extent to which increases in costs should be absorbed, the Administrator must consider the factors specified in the bill, and all other relevant factors, to the end that the established maximum price will be generally fair and equitable and will effectuate the purposes of the act.

Because of the legislative nature of regulations establishing maximum prices, applying to large numbers of sellers, the bill does not guarantee a profit to each individual seller. It requires instead that such prices be generally fair and equitable as applied to the sellers responsible for the major part of the output of any commodity. As to such sellers it is the effect of the maximum price upon their over-all operations as business units that must be considered.

As for other sellers, the Administrator is authorized to establish price differentials [see section 2 (c)], or to buy up their production at a higher price [see section 2 (e)], if such action is necessary or appropriate to carry out the purposes of the bill.

All maximum prices are to be established by regulation or order of the Administrator and each such regulation or order is to be accompanied by a statement of the considerations involved in its issuance. This statement will afford those subject to a maximum price regulation an adequate opportunity to know the basis for its adoption and, therefore, intelligently to formulate, in the form of protests as provided in section 203 (a) of the bill, any objections which they may have to such regulation. Each such permanent regulation or order is to be of general applicability and effect, subject of course to the provisions of section 2 (c) regarding classifications, differentiations, adjustments, and exceptions.

The Administrator is also authorized, whenever in his judgment such action is necessary or proper in order to effectuate the purposes of the bill, to issue temporary regulations establishing as the maximum price for any commodity the price prevailing for such commodity, either generally or in individual establishments, at the time of issuance of the regulations. Such regulations may be issued without regard to the standards set forth in the bill for the issuance of permanent regulations and without an accompanying statement of considerations. They are to be effective, however, for only 60 days and may be replaced by permanent regulations establishing maximum prices in accordance with the applicable standards and accompanied by statements of considerations. The authority to issue regulations temporarily freezing prices is necessary principally in order to enable the Administrator to meet particular emergency situations as they arise. The Administrator is thereby given 60 days to make such studies and investigations as will enable him to issue permanent regulations. The

temporary regulations are, of course, subject to the protest and review provisions of sections 203 and 204 of the bill.

The term "commodity" as used in section 2 and throughout the bill is defined in section 302 (e) to include, in addition to commodities, articles, products, and materials (except books, magazines, periodicals, and newspapers, other than as waste or scrap), services rendered otherwise than as an employee in connection with the processing, distribution, storage, installation, repair, or negotiation of purchases or sales, of a commodity or in connection with the operation of any service establishment for the servicing of a commodity. In these instances, the receipt of payment for the rendition of the services will constitute the sale of a commodity for a price. The term "service establishment" is intended to include all establishments rendering services in connection with the use of goods, including such typical establishments as laundries, cleaners and dyers, and other such establishments listed as service establishments by the United States Census. The term does not include, however, purely personal services. Compensation paid by an employer to any of his employees, rates charged by any common carrier or other public utility, rates charged by any person engaged in the business of selling or underwriting insurance, or rates charged by any person engaged in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio broadcasting station, or rates charged for any professional services are expressly exempt from regulation by section 302 (c).

RENTS

Section 2 (b) of the bill contains the grant of authority to control rents for housing accommodations in defense-rental areas. "Defense rental area" is defined by section 302 (d) to include the District of Columbia specifically and any other area designated by the Administrator as an area where defense activities have resulted or threaten to result in an increase of rents for housing accommodations inconsistent with the purposes of the bill. The term "housing accommodations" is defined in section 302 (f) to include any property rented or offered for rent for living or dwelling purposes, including hotel accommodations whether for permanent or transient use, together with the privileges, services, furnishings and facilities connected with the use or occupancy of such property. Stabilization of rents in defense rental areas is to be accomplished first through the medium of recommendations to the local housing or rental authorities, and if in the judgment of the Administrator this is not effective, through the issuance of regulations establishing maximum rents. Similar standards to those provided for the establishment of maximum prices are provided for the establishment of maximum rents. Unlike the provision in the House bill, the base date to be considered in the establishment of maximum rents is not April 1, 1940, in all cases, since defense activities may not have affected all areas on such date. Instead, the Administrator is to be guided by the rents prevailing on or about the date (not earlier than April 1, 1940) on which, in his judgment, defense activities have resulted or threatened to result in an increase in the rents for housing accommodations inconsistent with the purposes of the act. Adjustments are to be made for such relevant factors as the Administrator determines to be of general applicability

in respect of such accommodation, including increases or decreases in property taxes and other costs subsequent to such date and for the preceding year. In designating defense-rental areas, in establishing maximum rents for defense-area housing accommodations and in selecting persons to administer such maximum rents, the Administrator is directed to consider, so far as is practicable, recommendations of local officials concerned with housing or rental conditions.

TERMS AND CONDITIONS OF REGULATIONS

Section 2 (c) of the bill provides for flexibility in the establishment of maximum price and rent, and other, regulations under the bill. It authorizes classifications, differentiations, adjustments, and reasonable exceptions which in the judgment of the Administration are necessary or proper to effectuate the purposes of the bill. For example, classifications and differentiations may be made in terms of quantity, quality, or character of the use contemplated by the purchaser, or in terms of delivered prices on the one hand and f. o. b. prices on the other, or other conditions of sale. Differentiations of this character and many more that could be mentioned are essential in formulating workable maximum price regulations. In proper cases differentiation is also contemplated between high-cost and other producers. Under this subsection, too, individual exceptions may be made where in the judgment of the Administrator they are necessary to alleviate undue hardship or inequity.

Because it is impossible to specify all the different methods which may have to be employed in establishing maximum prices or rents, further flexibility is made possible by section 302 (i) which defines "maximum price" and "maximum rent" and provides that maximum prices and maximum rents may be formulated in terms of prices, rents, margins, commissions, fees, or other charges or allowances or any combination thereof. Maximum prices or rents for all commodities may of course be established in terms of prices prevailing generally or in individual establishments on a particular date, and permissible variations therefrom.

MARKET AND RENTING PRACTICES

In order to achieve effective price control it may often be necessary to regulate or prohibit practices which are equivalent to concealed price or rent increases or which are likely to result in price or rent increases inconsistent with the purposes of the bill. Accordingly, section 2 (d) confers authority to regulate or prohibit speculative or manipulative practices or hoarding, in connection with any commodity, and speculative or manipulative practices or renting or leasing practices in connection with defense-area housing accommodations which, in the judgment of the Administrator are equivalent to or are likely to result in such price or rent increases. Examples of such practices in connection with a commodity include manipulation of the form or quality so that the same price is charged for an inferior or less desirable product (which amounts to a price increase), the unnecessary multiplication of middlemen, the requirement of combination purchases, unreasonable trade allowances and other speculative or manipulative selling or inventory practices. Although section

4 (d) of the bill specifically prohibits the Administrator from requiring any person to sell any commodity, regulations designed to prevent the unjustifiable accumulation of commodities would be appropriate under section 2 (d).

AUTHORITY TO BUY AND SELL

Section 2 (e) authorizes the Administrator, whenever in his judgment such action is necessary or proper in order to effectuate the purposes of the bill, to buy, store, use, or sell any commodity, without competitive bidding, at public or private sale, upon such terms as he shall deem necessary. The exercise of this authority may frequently be necessary in order to obtain the maximum necessary production from marginal or high-cost producers or others, or to prevent price increases inconsistent with the purposes of the bill. It is contemplated that the sale of commodities thus purchased by the Administrator will in many instances be at a price lower than the purchase price. This will be necessary both in order to afford equal treatment to all purchasers of such commodities and to prevent high-cost production from exerting upward pressure upon the general level of prices. The proceeds of any sale by the Administrator is to be used as a revolving fund to carry on necessary buying and selling activities.

The authority of the Administrator to buy and sell does not extend to all commodities. Thus, the Administrator is given no power to buy or sell strategic and critical materials and supplies. Such materials and supplies may be bought, sold, stored or used in order to carry out the purposes of the bill, only by corporations organized pursuant to section 5 (d) of the Reconstruction Finance Corporation Act, as amended, and only with the approval of the President and the Federal Loan Administrator. The Administrator, however, is authorized to make recommendations with respect to the buying, selling, storage, or use of such materials and supplies. In order to carry out the purposes of the bill, it is provided that such corporations may not sell any commodity at prices exceeding the maximum price applicable to such commodity at the time of sale or delivery, but may sell such commodity below such maximum price or below the purchase price of such commodity.

The authority of the Administrator to buy and sell is circumscribed in other ways. He may purchase from abroad commodities which are also domestically produced, only if, and to the extent that, the domestic production of such commodities is not sufficient to satisfy the demand. Furthermore, the Tariff Act of 1930 and the Agricultural Adjustment Act of 1938 are expressly left unaffected by the provisions of this subsection.

GENERAL POWERS AND LIMITATIONS

Section 2 (f) of the bill prohibits the Administrator from exercising the powers conferred by section 2 in any manner inconsistent with the agricultural provisions of section 3.

Section 2 (g) authorizes the Administrator to include in regulations and orders issued under the bill such provisions as he deems necessary to prevent the circumvention or evasion thereof.

AGRICULTURAL COMMODITIES

Section 3 of the bill limits the powers of the Administrator with respect to agricultural commodities. It is provided that no maximum price may be established for any agricultural commodity below (1) the market price equivalent to 110 percent of the parity price or comparable price for the commodity adjusted for grade, location, and seasonal differentials as determined and published by the Secretary of Agriculture, or (2) the market price prevailing for such commodity on October 1, 1941. In addition to the parity prices which the Secretary of Agriculture determines under existing law, the Secretary is directed to determine and publish "comparable prices" for those commodities (other than the specified basic commodities) the price for which is, because of changes in the production and consumption of such commodity since the base period, out of line with parity prices for the basic commodities.

Section 3 (c) and section 3 (d) insure that the powers granted to the Administrator by the bill, or other powers granted under existing law, will not be so exercised as to vitiate the policy expressed in this section.

Section 3 (c) provides that if a maximum price has been established for any agricultural commodity and thereafter a parity price as determined and published by the Secretary of Agriculture is more than 3 percent above or below the parity price upon which the prevailing maximum price was based, the maximum price established for such commodity shall be readjusted and based upon such later parity price.

PROHIBITIONS

Section 4 (a) makes it unlawful, regardless of any contract, agreement, lease, or other obligation, to sell or deliver, or in the course of trade or business to buy or receive, any commodity or to demand or receive any rent in violation of any regulation or order establishing a maximum price or maximum rent or to violate any other regulation, order, or requirement under the bill. Thus it is made unlawful not only to violate regulations prescribing maximum prices and rents but also to violate regulations with respect to speculative or manipulative practices, hoarding, or renting or leasing practices, requirements of the Administrator issued under the provisions of section 202 (a) in connection with the obtaining of information necessary or appropriate to the performance of his duties under the bill, or any other regulations, orders, or requirements under the bill. It is also made unlawful to offer, solicit, attempt, or agree to do any of the foregoing. It is made unlawful also to violate any price schedule which was issued by the Administrator of the Office of Price Administration, or the Administrator of the Office of Price Administration and Civilian Supply, prior to the date upon which the Administrator provided for in section 201 of the bill takes office, and which has become effective in accordance with the provisions of section 206.

The House bill contained a provision making unlawful contracts requiring the payment of prices in excess of the maximum prices which had been established at the time such contracts were entered into or which were thereafter established. This the committee regarded as unduly restrictive, especially in connection with War and

Navy Department contracts. Accordingly, that provision has been deleted so that all contracts are subject to whatever provisions regarding them are contained in the regulations or orders prescribing maximum prices.

Section 4 (b) protects tenants or occupants of defense-area housing accommodations in the assertion of the rights conferred upon them by the bill by making it unlawful for any person to remove any tenant or occupant from such accommodations or to refuse to renew his lease or rental agreement because of action taken by him in asserting such rights.

Section 4 (c) affords protection to those persons required to disclose information to the Administrator by making it unlawful for any officer or employee of the Government, or for any adviser or consultant to the Administrator in his official capacity, to disclose or to use for his personal benefit, any information obtained under the bill. Further provision for confidential treatment of such information is found in section 202 (b).

Section 4 (d) specifically preserves the right of persons to refuse to sell any commodity or offer any accommodations for rent.

The penalties under this bill for violation of any of the provisions of this section or for making any false statement in any document required to be kept or filed under the provisions of any regulation, order, or requirement issued under the provisions of the bill, are prescribed in section 205.

VOLUNTARY AGREEMENTS

Section 5 authorizes the Administrator to confer with various business groups, to cooperate with any agency or person, and to enter into voluntary agreements with such persons and groups relating to the fixing of maximum prices, the issuance of other regulations or orders, or otherwise.

TITLE II—ADMINISTRATION AND ENFORCEMENT

OFFICE OF PRICE CONTROL

Section 201 (a) of the bill creates an Office of Price Administration headed by a Price Administrator referred to in the bill as the "Administrator" who is to be appointed by the President and confirmed by the Senate. The Administrator is to receive a salary of \$12,000 per annum. Section 201 (a) authorizes the Administrator to hire such employees, utilize and to establish such regional, local, or other agencies, and to accept such voluntary and uncompensated services as he deems to be necessary. He may perform his duties through such employees or agencies by delegating to them any of the powers given to him by the bill. All employees are to be employed pursuant to civil-service laws and compensated in accordance with the Classification Act of 1923, as amended, and no political test or qualification is to be permitted or given consideration. Express authority is granted to attorneys employed by the Administrator to represent him in any case in any court. By virtue of the express provisions of section 205 (b), criminal proceedings are under the supervision and control of the Attorney General.

Section 201 (b) provides that the principal office of the Administrator shall be in the District of Columbia but authorizes the Administrator, or any representative or other agency to whom he may delegate any or all of his powers, to exercise such powers in any place. This subsection also authorizes the President to transfer any of the powers and functions conferred by this bill upon the Office of Price Administration with respect to a particular commodity or commodities to any other department or agency of the Government having other functions with relation to such commodity or commodities, and similarly to transfer to the Office of Price Administration any of the powers and functions conferred by law upon any other department or agency of the Government with respect to any particular commodity or commodities other than agricultural commodities, including the power to order priorities, purchase, sell, store, handle, or otherwise deal with any such commodity or commodities. This will provide against any crystallization of power and functions in a form that may prove inappropriate to the war program as it develops.

Section 201 (e) authorizes the Administrator to make necessary expenditures.

Section 201 (d) authorizes the Administrator to prescribe such regulations and orders as he deems necessary or proper in order to carry out the purposes and provisions of the bill.

OBTAINING INFORMATION

Section 202 (a) authorizes the Administrator to make studies and investigations and to obtain the economic and other data necessary or proper in prescribing maximum price, rent, and other regulations and orders, and in the administration and enforcement of such regulations and orders and of the provisions of the bill. This authority may be enforced through the usual forms of compulsory process and the power to inspect and copy documents, inspect inventories and defense-area housing accommodations. The power to require by regulation or order the keeping of records and the making of reports is also granted by this subsection.

Although no person is excused from complying with any requirement of this subsection because of his privilege against self-incrimination, the immunity provisions of the Compulsory Testimony Act of February 11, 1893, are made applicable with respect to any individual who specifically claims such privilege.

Violations of regulations, orders, or requirements of the Administrator under this subsection are made unlawful under the provisions of section 4 (a). Prosecution of willful violations may be had under section 205 (b), and in addition, such regulations, orders, and requirements may be enforced through application to the court for compulsory process under the provisions of section 205 (a).

Section 202 (b) gives further protection to persons furnishing information to the Administrator under the bill by directing the Administrator, upon the request of the party furnishing such information, or if he deems such information confidential, not to disclose such information unless he deems that the public interest requires such disclosure.

PROCEDURE

The procedure governing the issuance of regulations and orders under section 2 has necessarily been adapted to the nature of the powers granted, to the fact that such regulations will apply to large numbers of persons, and to practical considerations, such as the necessity for immediate action to check rapidly rising prices and the importance of avoiding speculative disturbances of the market pending the determination of a maximum price. These considerations make it necessary to leave to the discretion of the Administrator whether or not to hold formal hearings prior to the issuance of such regulations. In many cases the holding of such hearings will be inadvisable. The rights of private parties, however, are fully protected by the protest and review provisions of the bill.

PROTESTS

Section 203 (a) is designed to provide the advantages of a hearing, in a manner consistent with the need for expeditious determinations, to all persons who are required to obey the provisions of regulations or orders under section 2. It provides that any person subject to any of the provisions of any regulation or order issued under section 2 of the bill, may, in accordance with regulations prescribed by the Administrator, at any time within 60 days after the issuance of such regulation or order, file a protest setting forth objections to any such provision. The protest may be accompanied by affidavits or other written evidence in support of such objections. If grounds for protest arise subsequent to such 60-day period a protest based on such grounds may be filed after such period. Other interested parties may submit statements in support of any such provision which may be received by the Administrator and incorporated in the transcript of the proceedings on protests.

Within a reasonable time, in any event not more than 30 days after the filing of the protest or 90 days after the issuance of the regulation or order, whichever is later, the Administrator must either grant the protest, or else deny it, notice it for hearing, or provide an opportunity to present further written evidence. Thus any person subject to any provision of any regulation or order issued by the Administrator under section 2 has a right to object to such provision and a right to have his objections considered. Oral hearings on any protest may be held if the Administrator so directs but he is authorized under section 203 (c) to limit proceedings or protests to the filing of affidavits, or other written evidence, and the filing of briefs.

In the administration of the provisions of the bill and in making any decision on any protest, the Administrator is authorized under section 203 (b) to take official notice of economic data and other facts, including facts found by him as a result of action taken under section 202. If the Administrator denies a protest in whole or in part, he is required to inform the protestant of the grounds upon which his decision is based and of the economic data and other facts of which he has taken official notice under section 203 (b).

Price schedules issued by the Administrator of the Office of Price Administration or the Administrator of the Office of Price Administration and Civilian Supply are similarly subject to the provisions of sections 203 and 204, after their effective date under this Act as provided in section 206.

REVIEW

EMERGENCY COURT OF APPEALS

Section 204 of the bill provides for appeal from the decisions of the Administrator to the courts. In keeping with the emergency character of the regulations and orders of the Administrator issued under section 2 of the bill, and to expedite action affecting the validity of such regulations or orders without overburdening the regular courts and judges, exclusive jurisdiction to determine the validity of any such regulation or order is vested in an Emergency Court of Appeals created under section 204 (c) of the bill, and upon review of judgments or orders of such Emergency Court, in the Supreme Court of the United States. The Emergency Court of Appeals is to be composed of three or more judges to be designated by the Chief Justice of the United States from judges of the United States district courts and circuit courts of appeals, one of whom he is to designate as chief judge of the Emergency Court of Appeals. Additional judges may be designated from time to time by the Chief Justice. The Chief Judge of the Emergency Court may, from time to time, divide the court into divisions of three or more members and any such division may render judgment as the judgment of the court.

The Emergency Court of Appeals is given exclusive jurisdiction to set aside, in whole or in part, any regulation or order under section 2, to dismiss the complaint, or to remand the proceedings, and all the powers of a district court are conferred upon it with respect to this jurisdiction, except the power to issue interlocutory orders staying the effectiveness of any such regulation or order.

In order to expedite the determination of cases by the Emergency Court, the court is given power to adopt special rules of procedure in matters coming before it. The court is to have a seal, hold sessions at such places as it may specify, and appoint a clerk and such other employees as it deems necessary.

REVIEW PROCEDURE

Section 204 gives the protestant 30 days after the denial of his protest, in which to file a complaint with the Emergency Court of Appeals, specifying his objections and praying that the regulation or order protested be enjoined or set aside in whole or in part. A copy of the complaint is to be served upon the Administrator, who is to certify and file with the court a transcript of such portion of the proceedings in connection with the protest as are material under the complaint. The transcript will include, to the extent material, a transcript of the evidence presented to the Administrator, whether upon oral or written hearings, the opinion of the Administrator denying the protest and so far as practicable the economic data and other facts of which the Administrator has taken official notice.

In making its decision, the court may consider only objections set forth by the complainant in his protest and evidence contained in the transcript. However, the complainant may apply to the court for leave to introduce additional evidence which was either offered to the Administrator and rejected by him, or which could not reasonably have been offered to the Administrator. If the court determines that such evidence is necessary to the proper disposition of the

case it must order the evidence to be presented to the Administrator. The Administrator must promptly receive it, and such other evidence as he deems necessary or proper, and certify and file with the court a transcript of such additional evidence and any modification made in the regulation or order as a result thereof. However, upon the request of the Administrator, all such evidence shall be presented directly to the Emergency Court. Similar provision is made for the Administrator to apply to the court for leave to introduce additional evidence which could not reasonably have been included by the Administrator in the protest proceedings. The right of the Administrator to modify or rescind any regulation or order for any reason, notwithstanding the pendency of a complaint in the Emergency Court, is expressly reserved in section 204 (a).

Section 204 (b) prescribes the standards to be followed by the Emergency Court in determining the validity of regulations or orders issued under section 2. It provides that such regulations or orders may be enjoined or set aside if the complainant establishes to the satisfaction of the court that the regulation or order is not in accordance with law or is arbitrary or capricious. These are the traditional standards for the judicial review of legislation and legislative regulations. By applying these standards the court has ample power to keep the Administrator within the bounds prescribed by the bill.

Within 30 days after entry of a judgment or order, interlocutory or final, by the Emergency Court of Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States and thereupon such judgment or order is subject to review by the Supreme Court in the same manner as a judgment of the circuit court of appeals. In order to assure that there will be an early final determination of the validity of regulations or orders of the Administrator under section 2, section 204 (d) also provides that the Supreme Court shall expedite disposition of all cases filed under that subsection.

The bill contains provisions necessary to insure that price control administration will not be paralyzed by preliminary injunctions, interlocutory restraining orders, or stays. The Emergency Court of Appeals and the Supreme Court upon review of judgments and orders of the Emergency Court, are granted exclusive jurisdiction under section 204 (d) to determine the validity of any regulation or order issued under section 2 or of any price schedule effective under the provisions of section 206. If the judgment of the Emergency Court is to enjoin or set aside, in whole or in part, any such regulation or order, the effectiveness of such judgment is postponed under section 204 (b) until after 30 days from the entry thereof. This 30-day period is necessary in order to prevent prices from rising without restraint while the Administrator is modifying or supplanting the regulation in accordance with the judgment of the court or preparing a petition for certiorari to the United States Supreme Court. If a petition for a writ of certiorari is filed with the Supreme Court within such 30 days, under the provisions of section 204 (d), the effectiveness of such judgment is postponed until final disposition of the case by the Supreme Court.

Section 204 (d) further provides expressly that no court, other than the Emergency Court and the Supreme Court, shall have jurisdiction or power to consider the validity, constitutional or otherwise, of any regulation or order issued under section 2. It also provides that no

court, except as provided in section 204, shall have jurisdiction or power to stay, restrain, enjoin, or set aside (whether by declaratory judgment or otherwise) any provision of the bill authorizing the issuance of such regulation or order, or to restrain or enjoin the enforcement of any provision of any such regulation or order. Thus the bill provides for exclusive jurisdiction in the Emergency Court and in the Supreme Court to determine the validity of regulations or orders issued under section 2. Of course, the courts in which criminal or civil enforcement proceedings are brought have jurisdiction, concurrently with the Emergency Court, to determine the constitutional validity of the statute itself.

INJUNCTIONS AND COMPLIANCE ORDERS

Section 205 (a) authorizes the Administrator to enforce compliance with the provisions of section 4 of the bill, whenever in his judgment, any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 4, by making application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision. Upon a showing by the Administrator that such person has engaged or is about to engage in any such acts or practices, a temporary or permanent injunction, restraining order or other order is to be granted without bond.

CRIMINAL PROCEEDINGS

Section 205 (b) prescribes the criminal penalties for wilful violations of any of the provisions of section 4 of the bill and for making statements or entries false in any material respect in a document or report required to be kept or filed under section 2 or section 202. Under this subsection fines up to \$5,000 or sentences of imprisonment for not more than 1 year, or both, may be imposed, except that in cases of disclosure of information in violation of section 4 (c) the prison sentence may be 2 years. Proceedings under this subsection will be subject to the supervision and control of the Attorney General.

VENUE AND PROCESS

Section 205 (c) confers jurisdiction of criminal proceedings for violations of section 4 of the bill upon the district courts of the United States. It is provided that the district courts, concurrently with the State and Territorial courts, shall have jurisdiction of all other proceedings, except proceedings for suspension of licenses, which are governed by the provisions of section 205 (f) (2). Such proceedings in the district courts may be brought in any district in which any part of any act or transaction constituting the violation occurred; and may also be brought in the district in which the defendant resides or transacts business. Process in such cases may be served in any district in which the defendant resides or transacts business or wherever the defendant may be found. The venue of criminal proceedings is laid in the district in which any part of any act or transaction constituting the violation occurred. In such proceedings process may be served, of course, wherever the defendant may be found. Courts

with jurisdiction of any criminal or other proceedings brought before it under this section are directed to advance on the docket and expedite the disposition of such proceedings. No costs are to be assessed against the Administrator or the United States in any proceeding under the bill.

Section 205 (d) protects persons from suits for damages or penalties with respect to anything done or omitted to be done in good faith which was required to be done or omitted to be done by any provision of the bill or any provision of any regulation, order, agreement, or requirement thereunder, or by any provision of a price schedule issued by the Administrator of the Office of Price Administration or of the Administrator of the Office of Price Administration and Civilian Supply, notwithstanding the fact that such provision, regulation, order, agreement, or requirement may be rescinded, modified, or held invalid. Of course, section 205 (d) does not confer any immunity upon any person who violates any such provision, regulation, order, or requirement. The Administrator is authorized to intervene in any suit or action in which any party relies for ground of relief or defense upon the provisions of the bill, or any regulation, order, agreement, or requirement thereunder. The court having jurisdiction of such suit or action is required to give notice of the pendency of such suit or action to the Administrator.

TREBLE DAMAGES

Section 205 (e) gives any purchaser of a commodity for use or consumption other than in the course of trade or business a right to bring an action against the seller who violated a maximum price or rent regulation or order or price schedule for \$50 or treble the amount by which the consideration exceeded the applicable maximum price, whichever is the greater, plus reasonable attorney fees and costs. For the purposes of all subsections of section 205 the buying or selling of a commodity is defined to include the payment or receipt of rent for defense-area housing accommodations. If a buyer, whose seller has violated a maximum-price regulation or price schedule, is not entitled to bring such action, because he is a buyer in the course of trade or business, or for other reasons the Administrator may bring such action against the seller on behalf of the United States. All suits for treble damages must be instituted within 1 year after the delivery is completed or the rent paid, and may be brought in any court of competent jurisdiction. The effectiveness of section 205 (e) is postponed until the expiration of six months from the date of enactment of this bill.

LICENSING

Section 205 (f) of the bill authorizes the Administrator to require a license of any person subject to any regulation or order issued or which may be issued under section 2, or price schedule effective under section 206 as a condition of selling any commodity or commodities, or renting any defense-area housing accommodations, under such regulation, order, or price schedule. This authorization extends only to those cases in which in the judgment of the Administrator licensing is necessary or proper in order to effectuate the purposes of the bill and to assure compliance with and provide for the effective enforcement of such regulation, order, or price schedule.

The subsection specifically sets forth certain cases in which the Administrator may not require licensing under any circumstances. Thus no license may be required of sellers or distributors of newspapers, periodicals, books, or other printed or written material (other than as waste or scrap), or of sellers of radio time. No license may be required of any farmer for marketing any agricultural commodity produced by him.

Even in those cases in which the Administrator may require licensing, he has no power to deny a license to any person unless such person already has a license or has had his license suspended in accordance with the provisions of section 205 (f) (2). Nor has the Administrator any authority to prescribe in any license any provision which he could not prescribe by regulation, order, or requirement under section 2 or section 202.

The Administrator is given no power to suspend a license. Only a court may suspend a license in an equity proceeding brought by the Administrator. If the Administrator believes that a person holding a license has violated any provision of the license or of any regulation, order, requirement, or price schedule, he is required to send a warning notice to such person. If the Administrator has reason to believe that such person, after receipt of the warning notice, has again violated any provision of the license or of any regulation, order, requirement, or price schedule, he may petition any State or Territorial court, or under certain conditions a district court, for an order suspending the license of such person for a period of not more than 1 year. Proceedings for the suspension of a license may be brought in a district court only if (1) the licensee is doing business in more than one State or (2) his principal place of business is located within 50 miles of a city or community in which a district court regularly convenes or (3) his gross sales exceed \$50,000 per annum.

If the court finds that such person has violated any provision of the license or of any regulation, order, price schedule, or requirement applicable to such person, after receipt of the warning notice, it is required to issue an order suspending the license. In no case may the court suspend the license for more than 1 year.

Appeal may be taken from the order of any court either suspending a license, or dismissing or denying in whole or in part the Administrator's petition for suspension within 30 days after the entry of such order, and in like manner as an appeal may be taken in other cases from a final decree of a State, Territorial, or district court, as the case may be.

Upon appeal and good cause shown, any order of suspension may be stayed by the appropriate court or any judge thereof in accordance with the applicable practice. The appropriate appellate court is required to affirm an order of suspension if, under the applicable rules of law, the evidence in the record supports a finding that there has been a violation of any provision of the license, regulation, order, price schedule, or requirement after the person to whom such license was issued has received a warning notice. No proceedings for suspension of a license and no such suspension confers any immunity from any other provision of the bill.

Irrespective of the pendency of proceedings for suspension, and even though a court order of suspension has been issued, the Administrator may modify or rescind the requirement of a license at any time.

The bill also provides that the remedy of suspending a license shall be in addition rather than in lieu of all other sanctions.

SAVING PROVISIONS

Section 206 provides that all price schedules establishing maximum prices issued by the Administrator of the Office of Price Administration or the Administrator of the Office of Price Administration and Civilian Supply prior to the date upon which the Administrator provided for by section 201 of the bill takes office shall have the same effect from such date as if issued under section 2 of the bill. Such price schedules, however, are subject to the protest provisions of the bill and may be reviewed by the Emergency Court of Appeals and the Supreme Court in order to determine whether they are consistent with the standards contained in section 2 and the limitations contained in section 3. Such price schedules need not be accompanied by a statement of considerations as required under section 2 of the bill, but must be reprinted in the Federal Register within 10 days after the date upon which the Administrator takes office under the bill.

TITLE III—MISCELLANEOUS

Section 301 requires reports (at least quarterly) to Congress by the Administrator.

Section 302 defines the terms used throughout the bill. The provisions of these definitions have been dealt with generally in the discussion of the provisions of the bill to which they especially relate.

Section 303 is a separability clause commonly found in Federal legislation.

Section 304 authorizes the necessary appropriations to carry out the provisions of the bill.

Section 305 provides that no provision of law in force on the date of enactment of the bill, including the First War Powers Act, 1941, shall be construed to authorize any action inconsistent with its purposes and provisions.

Section 306 gives to the bill the short title of "Emergency Price Control Act of 1942."





Calendar No. 966

77TH CONGRESS
1ST SESSION

H. R. 5990

[Report No. 931]

IN THE SENATE OF THE UNITED STATES

DECEMBER 4, 1941

Read twice and referred to the Committee on Banking and Currency

JANUARY 2, 1942

Reported, under authority of the order of the Senate of January 2, 1942,
by Mr. BROWN, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

AN ACT

To further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **TITLE I—GENERAL PROVISIONS AND**

4 **AUTHORITY**

5 **PURPOSES; TIME LIMIT**

6 **SECTION 1.** (a) It is hereby declared that it is in the
7 interest of the national defense and security and the purposes
8 of this Act are (1) to preserve the value of the national
9 currency against the consequences of price and credit infla-

tion; ~~(2)~~ to stabilize prices and to prevent speculative, unwarranted, and abnormal increases in prices and rents; ~~(3)~~ to prevent economic disturbances, labor disputes, burdens upon interstate and foreign commerce, interference with the effective use of the Nation's resources for defense, and impairment of national unity and morale, which would result from unwarranted increases in prices, rents, and the cost of living; ~~(4)~~ to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities caused by or contributing to the national emergency; ~~(5)~~ to prevent prospects of price rises from encouraging the accumulation and withholding of materials needed for national defense, and from impeding long-term commitments for production; ~~(6)~~ to assure that defense appropriations are not dissipated by excessive prices; ~~(7)~~ to obtain the maximum necessary production without undue profits to low-cost producers; ~~(8)~~ to protect persons with relatively fixed and limited incomes, wage earners, investors, and persons dependent on life insurance, annuities, and pensions, from undue impairment of their standard of living; ~~(9)~~ to prevent a post-emergency collapse of values; ~~(10)~~ to stabilize agricultural prices in the manner provided in section 3; and ~~(11)~~ to provide procedures for administration and review which will fairly protect the interests of those subject to this Act, without endangering the

1 dominant public interest in the accomplishment of the fore-
 2 going purposes.

3 (b) The provisions of this Act, and all regulations,
 4 orders, and requirements thereunder, shall terminate on June
 5 30, 1943, or upon the date of a proclamation by the President
 6 that the further continuance of the authority granted by this
 7 Act is not necessary in the interest of the national defense
 8 and security, or upon the date of enactment of an Act of
 9 Congress terminating such authority, whichever date is the
 10 earlier; except that as to offenses committed, or rights or
 11 liabilities incurred, prior to such termination date, the provi-
 12 sions of this Act and such regulations, orders, and require-
 13 ments, shall be treated as still remaining in force for the
 14 purpose of sustaining any proper suit, action, or prosecution
 15 with respect to any such right, liability, or offense.

16 (c) The provisions of this Act shall be applicable to
 17 the United States, its Territories and possessions, the District
 18 of Columbia, and the Philippine Islands.

19 PRICES, RENTS, AND MARKET AND RENTING PRACTICES

20 SEC. 2. (a) Whenever in the judgment of the Price
 21 Administrator (provided for in section 201) the price or
 22 prices of a commodity or commodities have risen or threaten
 23 to rise to an extent or in a manner inconsistent with the pur-
 24 poses of this Act, he shall by regulation or order establish
 25 such ceiling or ceilings as in his judgment will be generally

1 fair and equitable and will effectuate the purposes of this Act.
2 So far as practicable, in establishing any ceiling, the Admin-
3 istrator shall ascertain and give due consideration to the
4 prices prevailing for the commodity or commodities included
5 under such ceiling between the dates of October 1 and Oc-
6 tober 15, 1941, and shall make adjustments for such rele-
7 vant factors as he may, without undue burden on the economy,
8 determine and deem to be of general applicability, including
9 the following: Speculative fluctuations; general increases or de-
10 creases in costs of production and transportation; and general
11 increases or decreases in profits earned by sellers of the com-
12 modity or commodities, during and subsequent to the year
13 ended October 1, 1941. Every regulation or order estab-
14 lishing any ceiling under this subsection shall be accompanied
15 by a statement of the considerations involved in the issuance
16 of such regulation or order.

17 (b) Whenever in the judgment of the Administrator such
18 action is necessary or proper in order to effectuate the pur-
19 poses of this Act, he shall issue declarations setting forth the
20 necessity for, and recommendations with reference to, the
21 stabilization or reduction of rents for defense-area housing
22 accommodations within defense-rental areas. If within sixty
23 days after the issuance of any such recommendations rents for
24 any such accommodations have not in the judgment of the
25 Administrator been stabilized or reduced by State or local

1 regulation, or otherwise, in accordance with the recommenda-
2 tions, the Administrator shall by regulation or order establish
3 such ceiling or ceilings for such accommodations as in his
4 judgment will effectuate the purposes of this Act. So far as
5 practicable, in establishing any ceiling for any defense-area
6 housing accommodations, the Administrator shall ascertain
7 and give due consideration to the rents prevailing for the
8 accommodations, or comparable accommodations, on or about
9 April 1, 1940, and shall make adjustments for such relevant
10 factors as he may determine and deem to be of general appli-
11 cability in respect of the accommodations, including increases
12 or decreases in property taxes and other costs, during and sub-
13 sequent to the year ended April 1, 1940. In designating
14 defense-rental areas, in prescribing ceilings for such accom-
15 modations, and in selecting persons to administer such ceil-
16 ings, the Administrator shall, to such extent as he determines
17 to be practicable, consider any recommendations which may
18 be made by State and local officials concerned with housing
19 or rental conditions in any defense rental area.

20 (e) Any ceiling or ceilings may be established in such
21 form and manner, may contain such classifications and dif-
22 ferentiations, and may provide for such adjustments, as in
23 the judgment of the Administrator are necessary or proper
24 in order to effectuate the purposes of this Act. The Admin-
25 istrator may establish a ceiling or ceilings below the prices

1 prevailing for the commodity or commodities, or below the
2 rent or rents, in effect at the time of the establishment of such
3 ceiling or ceilings.

4 (d) Whenever in the judgment of the Administrator
5 such action is necessary or proper in order to effectuate the
6 purposes of this Act, he may, by regulation or order, regulate
7 or prohibit speculative or manipulative practices (including
8 practices relating to changes in form or quality) or hoarding,
9 in connection with any commodity, and speculative or manip-
10 ulative practices or renting or leasing practices (including
11 practices relating to recovery of the possession), in connec-
12 tion with any defense-area housing accommodations, which
13 in his judgment are equivalent to or are likely to result in
14 price or rent increases, as the case may be, inconsistent with
15 the purposes of this Act.

16 (e) Whenever in the judgment of the Administrator it
17 is necessary, in order to effectuate the purposes of this Act,
18 to obtain the production of marginal or high-cost producers,
19 he may so notify the President and the President may direct
20 any existing agency or agencies of the United States to exer-
21 cise, and any such agency or agencies shall exercise in accord-
22 ance with such directions, any authority heretofore or here-
23 after conferred on them by law to buy, sell, store, or use any
24 commodity produced in the United States by any such pro-
25 ducer: *Provided*, That any materials which have been here-

1 tofore or may hereafter be defined as strategic and critical
 2 materials and supplies by the President pursuant to section
 3 5d of the Reconstruction Finance Corporation Act, as
 4 amended, may be bought in order to carry out the purposes
 5 of this Act only by corporations created or organized pursuant
 6 to said section 5d, upon such terms and conditions as they
 7 may determine, and only with the approval of the President
 8 and the Federal Loan Administrator: *Provided further, That*
 9 nothing in this section shall be deemed to modify, suspend,
 10 amend, or supersede any provision of the Tariff Act of 1930,
 11 as amended: *Provided further, That* nothing in this section,
 12 or any existing law, shall be construed to authorize any sale
 13 or other disposition of any agricultural commodity contrary to
 14 the provision of the Agricultural Adjustment Act of 1938, as
 15 amended.

16 (f) No power conferred by this section shall be con-
 17 strued to authorize any action contrary to the provisions and
 18 purposes of section 3.

19 (g) The powers granted in this section shall not be used
 20 or made to operate to compel changes in the business prac-
 21 tices or cost practices or methods; means or aids to distribu-
 22 tion established in any industry, except to prevent circum-
 23 vention or evasion of any ceiling established under this Act.

24 (h) Regulations and orders issued under this section may
 25 contain such provisions as the Administrator deems necessary

1 to prevent the circumvention or evasion of such regulations
2 and orders.

3 (i) No price ceiling shall be placed upon any fishery
4 commodity below the average price of such commodity in
5 the year 1941 nor below the average costs of production at
6 the time the ceiling is set.

7 (j) Any tenant may petition the Administrator to ad-
8 just the maximum-rent ceiling applicable to his housing
9 accommodations on the ground that such maximum-rent
10 ceiling permits the receipt of an unduly high rent; whereupon
11 the Administrator may, by order, adjust such maximum-rent
12 ceiling in such manner or amount as shall, in his judgment,
13 effectuate the purposes of this Act and provide a fair and
14 reasonable rent for such housing accommodations.

15 AGRICULTURAL COMMODITIES

16 SEC. 3. (a) No ceiling shall be established for any agri-
17 cultural commodity below (1) the market price equivalent
18 to 110 per centum of the parity price or comparable price
19 for such commodity, adjusted for grade, location, and sea-
20 sonal differentials, as determined and published by the Secre-
21 tary of Agriculture; nor (2) the market price prevailing for
22 such commodity on October 1, 1941; nor (3) the average
23 price for such commodity during the period July 1, 1919, to
24 June 30, 1929.

25 (b) For the purposes of this Act, parity prices shall be

1 determined and published by the Secretary of Agriculture as
 2 authorized by law: *Provided*, That in the case of any agri-
 3 cultural commodity other than the basic crops—corn, wheat,
 4 cotton, rice, tobacco, and peanuts—the Secretary shall deter-
 5 mine and publish a comparable price, whenever he finds,
 6 after investigation and public hearing, that the production
 7 and consumption of such commodity has so changed in extent
 8 or character since the base period as to result in a price out
 9 of line with parity prices for basic commodities.

10 ~~(c)~~ Any ceiling established on any commodity processed
 11 or manufactured in whole or substantial part from any agri-
 12 cultural commodity shall be consistent with the purposes set
 13 forth in subsection ~~(a)~~ herein and shall not be established
 14 in any manner as to circumvent, violate, or prevent the
 15 effectuation of such purposes.

16 ~~(d)~~ No provision of this Act or of any existing law
 17 shall be construed to authorize any action contrary to the
 18 provisions and purposes of this section.

19 PROHIBITIONS

20 SEC. 4. ~~(a)~~ It shall be unlawful, regardless of any
 21 agreement, lease, or other obligation heretofore or hereafter
 22 entered into, for any person to sell or deliver any commodity,
 23 to demand or receive any rent, or otherwise to do or omit
 24 to do any act, in violation of any regulation or order under

1 section 2, or any regulation, order, or requirement under sec-
2 tion 202, or to offer, solicit, attempt, or agree to do any of
3 the foregoing.

4 (b) It shall be unlawful for any person to remove or
5 attempt to remove from any defense-area housing accom-
6 modations the tenant or occupant thereof or to refuse to
7 renew the lease or agreement for the use of such accommo-
8 dations, because such tenant or occupant has taken, or pro-
9 poses to take, action authorized or required by this Act or
10 any regulation, order, or requirement thereunder.

11 (c) It shall be unlawful for any officer or employee of
12 the Government, or for any adviser or consultant to the
13 Administrator in his official capacity, to disclose, otherwise
14 than in the course of official duty, any information obtained
15 under this Act, or to use any such information for personal
16 benefit.

17 (d) Nothing in this Act shall be construed to require
18 any person to sell any commodity or to offer any accommo-
19 dations for rent.

20 TITLE II—ADMINISTRATION AND ENFORCEMENT

21 ADMINISTRATION

22 SEC. 201. (a) There is hereby created the Price Con-
23 trol Administration. The President shall appoint a Price
24 Control Administrator, by and with the advice and consent
25 of the Senate. All of the duties of the Price Control Admin-

1 istration shall be vested in the Administrator and the Board
2 of Administrative Review ~~(created in sec. 202 (a))~~. The
3 Administrator shall receive a salary of \$10,000 a year. The
4 Administrator may appoint, subject to the Civil Service
5 Act, as amended, and the Classification Act of 1923, as
6 amended, such personnel as may from time to time be
7 appropriated for by Congress. The Administrator may
8 utilize the services of Federal, State, and local agencies and
9 may utilize such regional, local, or other agencies, and utilize
10 such voluntary and uncompensated services, as may from
11 time to time be needed. Attorneys appointed under this
12 section may appear for and represent the Administrator in
13 any case in any court. In the appointment, selection, classi-
14 fication, and promotion of officers and employees of the Price
15 Control Administration, no political test or qualification shall
16 be permitted or given consideration, but all such appoint-
17 ments and promotions shall be given and made on the basis
18 of merit and efficiency.

19 (b) The principal office of the Administrator shall be in
20 the District of Columbia, but he or any duly authorized
21 representative may exercise any or all of his powers in any
22 place.

23 (c) The Administrator shall have authority to make
24 such expenditures ~~(including expenditures for personal serv-~~
25 ices and rent at the seat of government and elsewhere; for

1 lawbooks and books of reference; and for paper, printing, and
2 binding) as he may deem necessary for the administration
3 and enforcement of this Act. The provisions of section 3709
4 of the Revised Statutes shall not apply to the purchase of
5 supplies and services by the Administrator where the aggre-
6 gate amount involved does not exceed \$250.

7 (d) The Administrator may, from time to time, issue
8 such regulations and orders as he may deem necessary or
9 proper in order to carry out the purposes and provisions of
10 this Act.

11 SEC. 202. (a) There is hereby created in the Price Con-
12 trol Administration a Board of Administrative Review to be
13 composed of five members appointed by the President by and
14 with the advice and consent of the Senate. Each member
15 of the Board shall receive a salary of \$10,000 a year. The
16 Board shall choose one of its members to be chairman. The
17 Board shall be completely free and independent of the Price
18 Control Administrator in the performance of all of its duties
19 and functions. The Board may appoint, subject to the Civil
20 Service Act, as amended, and the Classification Act of 1923,
21 as amended, such personnel, including commissioners and at-
22 torneys, as may from time to time be appropriated for by
23 Congress. Three members of the Board shall constitute a
24 quorum. The Board may designate individual members,
25 committees of members of the Board or Commissioners, to

1 hold hearings from time to time in such places as may be
2 designated by the Board. All decisions of the Board shall
3 be agreed to by at least a majority of the members thereof.

4 (b) The principal office of the Board of Administrative
5 Review shall be in the District of Columbia, but such Board,
6 a member, committee of members or any duly authorized
7 commissioner or commissioners, may meet in any place
8 within the United States or its Territories and possessions
9 to conduct hearings and investigations.

10 SEC. 203. (a) The Administrator and the Board of Ad-
11 ministrative Review or any member or commissioner thereof
12 may administer oaths and affirmations, may require by sub-
13 poena or otherwise the attendance and testimony of witnesses
14 and the production of documents at any designated place.
15 No person shall be excused from complying with any re-
16 quirements under this section because of his privilege against
17 self-incrimination, but the immunity provisions of the Com-
18 pulsory Testimony Act of February 11, 1893 (U. S. C.,
19 1934 edition, title 49, sec. 46), shall apply with respect to
20 any individual who specifically claims such privilege.

21 (b) The Administrator or Board of Administrative
22 Review shall not publish or disclose any information obtained
23 under this Act that such Administrator or Board deems con-
24 fidential or with reference to which a request for confidential
25 treatment is made by the person furnishing such information.

1 SEC. 204. (a) Any person who is aggrieved by any
2 order or regulation of the Administrator may, within thirty
3 days after the issuance of such order or regulation, appeal
4 such order or regulation to the previously mentioned Board
5 of Administrative Review. Within thirty days of the filing
6 of such appeal with the Board of Administrative Review the
7 Board shall hold a public hearing on such appeal wherein
8 any person who is affected by such order and who is ag-
9 grieved may present testimony. Upon the request of any
10 aggrieved person affected by such order or regulation the
11 Board shall subpoena such witnesses as he may designate.
12 Within a reasonable time after the filing of such protest
13 against any order or regulation, but in no case more than
14 sixty days after the filing of such protest, the Board shall
15 make a determination. The Board is authorized to affirm,
16 amend, or modify such order or regulation, or may reverse or
17 set aside the same in whole or in part. The determination
18 of the Board of Administrative Review in all such appeals
19 shall entirely supersede and stand in the place of the original
20 order or regulation of the Administrator.

21 (b) Within thirty days after the determination of the
22 Board of Administrative Review any person aggrieved by
23 such determination may file a petition to review such deter-
24 mination in the circuit court of appeals for the circuit in which
25 the complainant resides, or in the United States Court of

1 Appeals for the District of Columbia, and thereupon such
2 court shall have the same powers with respect to such deter-
3 mination as in the case of an order of the Federal Trade
4 Commission under section 5 of the Federal Trade Commission
5 Act. The order of the court shall be subject to review by
6 the Supreme Court of the United States upon writ of certiorari
7 as provided in section 240 of the Judicial Code.

8 ENFORCEMENT

9 SEC. 205. (a) Whenever in the judgment of the Ad-
10 ministrator any person has engaged or is about to engage
11 in any acts or practices which constitute or will constitute
12 a violation of any provision of section 4 of this Act, he may
13 make application to the appropriate court for an order enjoin-
14 ing such acts or practices, or for an order enforcing com-
15 pliance with such provision, and upon a proper showing a
16 permanent or temporary injunction, restraining order, or
17 other order shall be granted without bond.

18 (b) Any person who willfully violates any provision of
19 section 4 of this Act, and any person who makes any state-
20 ment or entry false in any material respect in any document
21 or report required to be kept or filed under section 2 or sec-
22 tion 202, shall, upon conviction thereof, be subject to a fine
23 of not more than \$5,000, or to imprisonment for not more
24 than two years in the case of a violation of section 4 (c)-
25 and for not more than one year in all other cases, or to both

1 such fine and imprisonment. Whenever the Administrator
2 has reason to believe that any person is liable to punishment
3 under this subsection, he may certify the facts to the Attor-
4 ney General, who may, in his discretion, cause appropriate
5 proceedings to be brought.

6 ~~(c)~~ The district courts shall have jurisdiction of criminal
7 proceedings for violations of section 4 of this Act, and con-
8 currently with State and Territorial courts, of all civil pro-
9 ceedings under section 205 ~~(a)~~. Such civil proceedings
10 and any criminal proceedings may be brought in any district
11 in which any part of any act or transaction constituting
12 the violation occurred. Any such civil proceedings may
13 also be brought in the district in which the defendant resides
14 or transacts business, and process in such cases may be served
15 in any district wherein the defendant resides or transacts
16 business or wherever the defendant may be found. No costs
17 shall be assessed against the United States Government in
18 any proceeding under this Act.

19 ~~(d)~~ No person shall be held liable for damages or penal-
20 ties in any Federal, State, or Territorial court, on any grounds
21 for or in respect of anything done or omitted to be done in
22 good faith pursuant to any provision of this Act or any
23 regulation, order, or requirement thereunder, or under any
24 regulation or order of the Administrator of the Office of Price
25 Administration or of the Administrator of the Office of Price

1 Administration and Civilian Supply, notwithstanding that
2 subsequently such provision, regulation, order, or requirement
3 may be modified, rescinded, or determined to be invalid.
4 The Administrator may intervene in any suit or action
5 wherein a party relies for ground of relief or defense upon
6 this Act or any regulation, order, or requirement thereunder.

7 EFFECT OF PRICE REGULATIONS ON CONTRACT

8 OBLIGATIONS

9 SEC. 206. Provisions in any contract or agreement for
10 the sale of any commodity heretofore or hereafter entered
11 into while a ceiling on such commodity was in effect, which
12 require the payment, either unconditionally or on condition
13 that such ceiling should be modified, rescinded, or declared
14 invalid, of a price in excess of such ceiling are hereby declared
15 to be invalid and unenforceable. Provisions in any contract
16 or agreement for the sale of any commodity heretofore or
17 hereafter entered into while a ceiling on such commodity
18 was not in effect, but under which deliveries were made while
19 such a ceiling was in effect, which require the payment,
20 either conditionally or unconditionally, of a price in excess
21 of such ceiling, are hereby declared invalid and unenforce-
22 able with respect to such deliveries. As used in this section
23 the term ceiling shall include any ceiling established by
24 regulation or order of the Administrator of the Office of

1 Price Administration or the Administrator of the Office of
2 Price Administration and Civilian Supply.

3 TITLE III—MISCELLANEOUS

4 QUARTERLY REPORT

5 SEC. 301. The Administrator from time to time, but not
6 less frequently than once every ninety days, shall transmit to
7 the Congress a report of operations under this Act. If the
8 Senate or the House of Representatives is not in session,
9 such reports shall be transmitted to the Secretary of the
10 Senate, or the Clerk of the House of Representatives, as the
11 case may be.

12 DEFINITIONS

13 SEC. 302. As used in this Act—

14 (a) The term “sale” includes sales, dispositions, ex-
15 changes, leases, and other transfers, and contracts and offers
16 to do any of the foregoing. The terms “sell”, “selling”,
17 “seller”, “buy”, and “buyer”, shall be construed accordingly.

18 (b) The term “price” means the consideration demanded
19 or received in connection with the sale of a commodity.

20 (c) The term “commodity”, in addition to commodities,
21 articles, products, and materials, includes services rendered
22 otherwise than as an employee in connection with the pro-
23 cessing, distribution, storage, installation, repair, or negotia-
24 tion of purchases or sales, of a commodity, or in connection
25 with the operation of any service establishment: *Provided,*

1 That nothing in this Act shall be construed to authorize the
 2 regulation of ~~(1)~~ compensation paid by an employer to any
 3 of his employees, or ~~(2)~~ rates charged by any common carrier
 4 or other public utility.

5 ~~(d)~~ The term "defense-rental area" means the District
 6 of Columbia and any area designated by the Administrator
 7 as an area where defense activities have resulted or threaten
 8 to result in an increase in the rents for housing accommoda-
 9 tions inconsistent with the purposes of this Act.

10 ~~(e)~~ The term "defense-area housing accommodations"
 11 means housing accommodations within any defense-rental
 12 area.

13 ~~(f)~~ The term "housing accommodations" means any
 14 building, structure, or part thereof, or land appurtenant
 15 thereto, or any other real or personal property rented or
 16 offered for rent for living or dwelling purposes (including
 17 houses, apartments, hotels, rooming or boarding house accom-
 18 modations, and other properties used for living or dwelling
 19 purposes) together with all privileges, services, furnishings,
 20 furniture, and facilities connected with the use or occupancy
 21 of such property.

22 ~~(g)~~ The term "rent" means the consideration demanded
 23 or received in connection with the use or occupancy or the
 24 transfer of a lease of any housing accommodations.

25 ~~(h)~~ The term "person" includes an individual, corpora-

tion, partnership, association, or any other organized group of persons, or legal successor or representative of any of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing: *Provided*, That no punishment provided by this Act shall apply to the United States, or to any such government, political subdivision, or agency.

(i) The term "ceiling", as applied to prices of commodities means the maximum lawful price for such commodities, and as applied to rents, means the maximum lawful rent for the use of defense-area housing accommodations. Ceilings may be formulated in terms of prices, rents, margins, commissions, fees, and other charges, and allowances.

(j) The term "documents" includes records, books, accounts, correspondence, memoranda, and other documents, and drafts and copies of any of the foregoing.

(k) The term "district court" means any district court of the United States, and the United States Court for any Territory or other place subject to the jurisdiction of the United States.

22

SEPARABILITY

SEC. 303. If any provision of this Act or the application of such provision to any person or circumstances shall be held invalid, the validity of the remainder of the Act and

25

1 the applicability of such provision to other persons or cir-
 2 cumstances shall not be affected thereby.

3 APPROPRIATIONS AUTHORIZED

4 SEC. 304. There are authorized to be appropriated such
 5 sums as may be necessary or proper to carry out the pro-
 6 visions and purposes of this Act.

7 SHORT TITLE

8 SEC. 305. This Act may be cited as the "Emergency
 9 Price Control Act of 1941".

10 TITLE I—GENERAL PROVISIONS AND 11 AUTHORITY

12 PURPOSES; TIME LIMIT; APPLICABILITY

13 SECTION 1. (a) *It is hereby declared that it is in the*
 14 *interest of the national defense and security and necessary*
 15 *to the effective prosecution of the present war, and the pur-*
 16 *poses of this Act are, to stabilize prices and to prevent specu-*
 17 *lative, unwarranted, and abnormal increases in prices and*
 18 *rents; to eliminate and prevent profiteering, hoarding,*
 19 *manipulation, speculation, and other disruptive practices*
 20 *resulting from abnormal market conditions or scarcities*
 21 *caused by or contributing to the national emergency; to pro-*
 22 *tect persons with relatively fixed and limited incomes, con-*
 23 *sumers, wage earners, investors, and persons dependent on*
 24 *life insurance, annuities, and pensions, from undue impair-*
 25 *ment of their standard of living; to prevent hardships to*

1 persons engaged in business, to endowed schools, univer-
2 sities, and other institutions, and to the Federal, State, and
3 local governments, which would result from abnormal in-
4 creases in prices; to assist in securing adequate production
5 of commodities and facilities; and to permit voluntary coop-
6 eration between the Government and producers, processors,
7 and others to accomplish the aforesaid purposes. It shall be
8 the policy of those departments and agencies of the Gov-
9 ernment dealing with wages (including the Department of
10 Labor and its various bureaus, the War Department, the
11 Navy Department, the Office of Production Management, the
12 National Labor Relations Board, the Railway Labor Board,
13 the National Defense Mediation Board, and others), within
14 the limits of their authority and jurisdiction, to work toward
15 a stabilization of prices and cost of production.

16 (b) The provisions of this Act, and all regulations,
17 orders, price schedules, and requirements thereunder, shall
18 terminate on June 30, 1943, or upon the date of a proclama-
19 tion by the President that the further continuance of the au-
20 thority granted by this Act is not necessary in the interest
21 of the national defense and security, or upon the date of enact-
22 ment of an Act of Congress terminating such authority,
23 whichever date is the earlier; except that as to offenses com-
24 mitted, or rights or liabilities incurred, prior to such ter-
25 mination date, the provisions of this Act and such regula-

1 tions, orders, price schedules, and requirements shall be
 2 treated as still remaining in force for the purpose of sustaining
 3 any proper suit, action, or prosecution with respect to any
 4 such right, liability, or offense.

5 (c) The provisions of this Act shall be applicable to
 6 the United States, its Territories and possessions, and the
 7 District of Columbia.

8 *PRICES, RENTS, AND MARKET AND RENTING PRACTICES*

9 *SEC. 2. (a) Whenever in the judgment of the Price*
 10 *Administrator (provided for in section 201) the price or*
 11 *prices of a commodity or commodities have risen or threaten*
 12 *to rise to an extent or in a manner inconsistent with the pur-*
 13 *poses of this Act, he may by regulation or order establish*
 14 *such maximum price or maximum prices as in his judgment*
 15 *will be generally fair and equitable and will effectuate the*
 16 *purposes of this Act. So far as practicable, in establishing*
 17 *any maximum price, the Administrator shall ascertain and*
 18 *give due consideration to the prices prevailing between October*
 19 *1 and October 15, 1941 (or if for any reason such period*
 20 *reflects abnormal market conditions for a particular com-*
 21 *modity, then during the nearest two-week period which is not*
 22 *abnormal as determined by the Administrator) for the com-*
 23 *modity or commodities included under such regulation or*
 24 *order, and shall make adjustments for such relevant factors*
 25 *as he may determine and deem to be of general applicability,*

1 including the following: Speculative fluctuations, general
2 increases or decreases in costs of production, distribution
3 and transportation, and general increases or decreases in
4 profits earned by sellers of the commodity or commodities,
5 during and subsequent to the year ended October 1, 1941.
6 Every regulation or order issued under the foregoing pro-
7 visions of this subsection shall be accompanied by a state-
8 ment of the considerations involved in the issuance of such
9 regulation or order. As used in the foregoing provisions of
10 this subsection, the term "regulation or order" means a regu-
11 lation or order of general applicability and effect. Whenever
12 in the judgment of the Administrator such action is necessary
13 or proper in order to effectuate the purposes of this Act, he
14 may, without regard to the foregoing provisions of this subsec-
15 tion, issue temporary regulations or orders establishing as a
16 maximum price or maximum prices the price or prices prevail-
17 ing with respect to any commodity or commodities on the date
18 of issuance of such temporary regulations or orders; but any
19 such temporary regulation or order shall be effective for not
20 more than sixty days, and may be replaced by a regulation
21 or order issued under the foregoing provisions of this
22 subsection.

23 (b) Whenever in the judgment of the Administrator such
24 action is necessary or proper in order to effectuate the pur-
25 poses of this Act, he shall issue declarations setting forth the

1 necessity for, and recommendations with reference to, the
2 stabilization or reduction of rents for defense-area housing
3 accommodations within defense-rental areas. If within sixty
4 days after the issuance of any such recommendations rents for
5 any such accommodations have not in the judgment of the
6 Administrator been stabilized or reduced by State or local
7 regulation, or otherwise, in accordance with the recommenda-
8 tions, the Administrator shall by regulation or order establish
9 such maximum rent or maximum rents for such accomoda-
10 tions as in his judgment will be generally fair and equitable
11 and will effectuate the purposes of this Act. So far as
12 practicable, in establishing any maximum rent for any
13 defense-area housing accommodations, the Administrator shall
14 ascertain and give due consideration to the rents pre-
15 vailing for such accommodations, or comparable accommo-
16 dations, on or about the date (not earlier than April 1,
17 1940) on which, in the judgment of the Administrator, defense
18 activities have resulted or threaten to result in an increase
19 in the rents for housing accommodations inconsistent with
20 the purposes of this Act, and he shall make adjustments for
21 such relevant factors as he may determine and deem to be
22 of general applicability in respect of such accommodations,
23 including increases or decreases in property taxes and other
24 costs, subsequent to such date and for the preceding twelve
25 months. In designating defense-rental areas, in prescribing

1 *maximum rents for such accommodations, and in selecting*
2 *persons to administer such maximum rents, the Adminis-*
3 *trator shall, to such extent as he determines to be practicable,*
4 *consider any recommendations which may be made by State*
5 *and local officials concerned with housing or rental conditions*
6 *in any defense-rental area.*

7 *(c) Any regulation or order under this Act may be*
8 *established in such form and manner, may contain such*
9 *classifications and differentiations, and may provide for such*
10 *adjustments and reasonable exceptions, as in the judgment of*
11 *the Administrator are necessary or proper in order to effec-*
12 *tuate the purposes of this Act. Any regulation or order under*
13 *this section which establishes a maximum price or maximum*
14 *rent may provide for a maximum price or maximum rent*
15 *below the price or prices prevailing for the commodity*
16 *or commodities, or below the rent or rents prevailing for the*
17 *defense-area housing accommodations, at the time of the*
18 *issuance of such regulation or order.*

19 *(d) Whenever in the judgment of the Administrator*
20 *such action is necessary or proper in order to effectuate the*
21 *purposes of this Act, he may, by regulation or order, regulate*
22 *or prohibit speculative or manipulative practices (including*
23 *practices relating to changes in form or quality) or hoarding,*
24 *in connection with any commodity, and speculative or manip-*
25 *ulative practices or renting or leasing practices (including*

1 practices relating to recovery of the possession), in connec-
2 tion with any defense-area housing accommodations, which
3 in his judgment are equivalent to or are likely to result in
4 price or rent increases, as the case may be, inconsistent with
5 the purposes of this Act.

6 (e) Whenever in the judgment of the Administrator such
7 action is necessary or proper in order to effectuate the pur-
8 poses of this Act, he may, in order to obtain the maximum
9 necessary production of any commodity, whether by purchase
10 from marginal or high-cost producers or others, or to
11 prevent price increases inconsistent with the purposes of this
12 Act, buy or sell at public or private sale, or store or use
13 on behalf of the United States, any commodity, upon such
14 terms as he shall deem necessary without regard to any pro-
15 vision of law requiring competitive bidding: Provided, That
16 any materials which have been heretofore or may hereafter
17 be defined as strategic and critical materials and supplies by
18 the President pursuant to section 5d of the Reconstruction
19 Finance Corporation Act, as amended, may be bought or sold
20 or stored or used, in order to carry out the purposes of this
21 Act, only by corporations created or organized pursuant to
22 said section 5d, upon such terms and conditions as they may
23 determine, and only with the approval of the President and the
24 Federal Loan Administrator; except that in the case of the
25 sale of any commodity by any such corporation, the sale

1 price therefor shall not exceed any maximum price estab-
2 lished pursuant to subsection (a) of this section which is
3 applicable to such commodity at the time of sale or delivery,
4 but such sale price may be below such maximum price or
5 below the purchase price of such commodity, and the Ad-
6 ministrator may make recommendations with respect to the
7 buying or selling, or storage or use, of any such commodity.
8 In any case in which a commodity is domestically produced,
9 the powers granted to the Administrator by this subsection
10 shall be exercised with respect to importations of such com-
11 modity only to the extent that, in the judgment of the Admin-
12 istrator, the domestic production of the commodity is not suffi-
13 cient to satisfy the demand therefor. The proceeds of any
14 sale by the Administrator under this subsection shall be used
15 as a revolving fund for carrying out the provisions of this
16 subsection. Nothing in this section shall be construed to
17 modify, suspend, amend, or supersede any provision of the
18 Tariff Act of 1930, as amended, and nothing in this section,
19 or in any existing law, shall be construed to authorize
20 any sale or other disposition of any agricultural commodity
21 contrary to the provisions of the Agricultural Adjustment
22 Act of 1938, as amended.

23 (f) No power conferred by this section shall be con-
24 strued to authorize any action contrary to the provisions and
25 purposes of section 3.

1 *(g) Regulations, orders, and requirements under this*
 2 *Act may contain such provisions as the Administrator deems*
 3 *necessary to prevent the circumvention or evasion thereof.*

4 *AGRICULTURAL COMMODITIES*

5 *SEC. 3. (a) No maximum price shall be established for*
 6 *any agricultural commodity below (1) the market price*
 7 *equivalent to 110 per centum of the parity price or compara-*
 8 *ble price for such commodity, adjusted for grade, location,*
 9 *and seasonal differentials, as determined and published by the*
 10 *Secretary of Agriculture; or (2) the market price prevailing*
 11 *for such commodity on October 1, 1941.*

12 *(b) For the purposes of this Act, parity prices shall be*
 13 *determined and published by the Secretary of Agriculture as*
 14 *authorized by law: Provided, That in the case of any agri-*
 15 *cultural commodity other than the basic crops—corn, wheat,*
 16 *cotton, rice, tobacco, and peanuts—the Secretary shall deter-*
 17 *mine and publish a comparable price, whenever he finds,*
 18 *after investigation and public hearing, that the production*
 19 *and consumption of such commodity has so changed in extent*
 20 *or character since the base period as to result in a price out*
 21 *of line with parity prices for basic commodities.*

22 *(c) Any maximum price established for any commodity*
 23 *processed or manufactured in whole or substantial part from*
 24 *any agricultural commodity shall be consistent with the pur-*
 25 *poses set forth in subsection (a) of this section and shall not*

1 *be established in any manner as to circumvent, vitiate, or*
 2 *prevent the effectuation of such purposes.*

3 *(d) No provision of this Act or of any existing law*
 4 *shall be construed to authorize any action contrary to the*
 5 *provisions and purposes of this section.*

6 *(e) If a maximum price has been established for any*
 7 *agricultural commodity and thereafter a parity price as deter-*
 8 *mined and published by the Secretary of Agriculture is more*
 9 *than 3 per centum above or below the parity price to which the*
 10 *prevailing maximum price applies, the maximum price estab-*
 11 *lished for such commodity shall be readjusted and based upon*
 12 *such later parity price until a further adjustment is required*
 13 *under this subsection.*

14 *PROHIBITIONS*

15 *SEC. 4. (a) It shall be unlawful, regardless of any*
 16 *contract, agreement, lease, or other obligation heretofore or*
 17 *hereafter entered into, for any person to sell or deliver any*
 18 *commodity, or in the course of trade or business to buy or*
 19 *receive any commodity, or to demand or receive any rent*
 20 *for any defense-area housing accommodations, or otherwise*
 21 *to do or omit to do any act, in violation of any regulation*
 22 *or order establishing a maximum price or maximum rent,*
 23 *or of any other regulation, order, or requirement under this*
 24 *Act, or to offer, solicit, attempt, or agree to do any of the*
 25 *foregoing. As used in this subsection, the term "maximum*

1 price" shall include (1) any price schedule issued by the
2 Administrator of the Office of Price Administration or the
3 Administrator of the Office of Price Administration and
4 Civilian Supply, prior to the date upon which the Admin-
5 istrator provided for by section 201 of this Act takes office,
6 which is effective in accordance with the provisions of section
7 206 of this Act, or (2) any maximum price established by
8 a regulation or order issued by such Administrator after he
9 takes office; and the term "maximum rent" shall include any
10 maximum rent established by a regulation or order issued by
11 such Administrator after he takes office.

12 (b) It shall be unlawful for any person to remove or
13 attempt to remove from any defense-area housing accom-
14 modations the tenant or occupant thereof or to refuse to
15 renew the lease or agreement for the use of such accommo-
16 dations, because such tenant or occupant has taken, or pro-
17 poses to take, action authorized or required by this Act or
18 any regulation, order, or requirement thereunder.

19 (c) It shall be unlawful for any officer or employee of
20 the Government, or for any adviser or consultant to the
21 Administrator in his official capacity, to disclose, otherwise
22 than in the course of official duty, any information obtained
23 under this Act, or to use any such information, for personal
24 benefit.

1 (d) Nothing in this Act shall be construed to require
2 any person to sell any commodity or to offer any accommo-
3 dations for rent.

4 VOLUNTARY AGREEMENTS

5 *SEC. 5. In carrying out the provisions of this Act, the*
6 *Administrator is authorized to confer with producers,*
7 *processors, manufacturers, retailers, wholesalers, and other*
8 *groups having to do with commodities, and with representa-*
9 *tives and associations thereof, to cooperate with any agency*
10 *or person, and to enter into voluntary arrangements or*
11 *agreements with any such persons, groups, or associations*
12 *relating to the fixing of maximum prices, the issuance of*
13 *other regulations or orders, or otherwise.*

14 *TITLE II—ADMINISTRATION AND*
15 *ENFORCEMENT*

16 ADMINISTRATION

17 *SEC. 201. (a) There is hereby created an Office of*
18 *Price Administration, which shall be under the direction of a*
19 *Price Administrator (referred to in this Act as the “Adminis-*
20 *trator”). The Administrator shall be appointed by the*
21 *President, by and with the advice and consent of the Senate,*
22 *and shall receive compensation at the rate of \$12,000 per*
23 *annum. The Administrator may, subject to the civil-service*
24 *laws, appoint such employees as he deems necessary in order*

1 to carry out his functions and duties under this Act, and
2 shall fix their compensation in accordance with the Classifica-
3 tion Act of 1923, as amended. The Administrator may
4 utilize the services of Federal, State, and local agencies and
5 may utilize and establish such regional, local, or other agen-
6 cies, and utilize such voluntary and uncompensated services,
7 as may from time to time be needed. Attorneys appointed
8 under this section may appear for and represent the Ad-
9 ministrator in any case in any court. In the appointment,
10 selection, classification, and promotion of officers and em-
11 ployees of the Office of Price Administration, no political test
12 or qualification shall be permitted or given consideration, but
13 all such appointments and promotions shall be given and
14 made on the basis of merit and efficiency.

15 (b) The principal office of the Administrator shall be in
16 the District of Columbia, but he or any duly authorized
17 representative may exercise any or all of his powers in any
18 place. The President is authorized to transfer any of the
19 powers and functions conferred by this Act upon the Office
20 of Price Administration with respect to a particular com-
21 modity or commodities to any other department or agency
22 of the Government having other functions with relation to
23 such commodity or commodities, and to transfer to the Office
24 of Price Administration any of the powers and functions

1 conferred by law upon any other department or agency of
2 the Government with respect to any particular commodity
3 or commodities other than agricultural commodities, includ-
4 ing the power to order priorities, purchase, sell, store, handle,
5 or otherwise deal with any such commodity or commodities.

6 (c) The Administrator shall have authority to make
7 such expenditures (including expenditures for personal serv-
8 ices and rent at the seat of government and elsewhere; for
9 lawbooks and books of reference; and for paper, printing, and
10 binding) as he may deem necessary for the administration
11 and enforcement of this Act. The provisions of section 3709
12 of the Revised Statutes shall not apply to the purchase of
13 supplies and services by the Administrator where the aggre-
14 gate amount involved does not exceed \$250.

15 (d) The Administrator may, from time to time, issue
16 such regulations and orders as he may deem necessary or
17 proper in order to carry out the purposes and provisions of
18 this Act.

19 SEC. 202. (a) The Administrator may make such studies
20 and investigations, and obtain or require the furnishing of
21 such information under oath or affirmation or otherwise, as he
22 deems necessary or proper to assist him in prescribing any
23 regulation or order under this Act, or in the administration
24 and enforcement of this Act and regulations, orders, and
25 price schedules thereunder. For such purposes the Adminis-

1 *trator may administer oaths and affirmations, may require by*
2 *subpena or otherwise the attendance and testimony of witnesses*
3 *and the production of documents at any designated place, may*
4 *require persons to permit the inspection and copying of docu-*
5 *ments, the inspection of defense-area housing accommodations,*
6 *and the inspection of inventories, and may, by regulation or*
7 *order, require the making and keeping of records and other*
8 *documents and the making of reports. No person shall be ex-*
9 *cused from complying with any requirements under this sec-*
10 *tion because of his privilege against self-incrimination, but the*
11 *immunity provisions of the Compulsory Testimony Act of*
12 *February 11, 1893 (U. S. C., 1934 edition, title 49, sec.*
13 *46), shall apply with respect to any individual who specifically*
14 *claims such privilege.*

(b) The Administrator shall not publish or disclose any information obtained under this Act that such Administrator deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information, unless he determines that the withholding thereof is contrary to the interest of the national defense and security.

21 *PROCEDURE*

SEC. 203. (a) Within a period of sixty days after the issuance of any regulation or order under section 2, or in the case of a price schedule, within a period of sixty days after the effective date thereof specified in section 206, any person

1 subject to any provision of such regulation, order, or price
2 schedule may, in accordance with regulations to be prescribed
3 by the Administrator, file a protest specifically setting forth
4 objections to any such provision and affidavits or other written
5 evidence in support of such objections. At any time after
6 the expiration of such sixty days any person subject to any
7 provision of such regulation, order, or price schedule may file
8 such a protest based solely on grounds arising after the ex-
9 piration of such sixty days. Statements in support of any
10 such regulation, order, or price schedule may be received
11 and incorporated in the transcript of the proceedings at such
12 times and in accordance with such regulations as may be
13 prescribed by the Administrator. Within a reasonable time
14 after the filing of any protest under this subsection, but in
15 no event more than thirty days after such filing or ninety
16 days after the issuance of the regulation or order (or in the
17 case of a price schedule, ninety days after the effective date
18 thereof specified in section 206) in respect of which the pro-
19 test is filed, whichever occurs later, the Administrator shall
20 either grant or deny such protest in whole or in part, notice
21 such protest for hearing, or provide an opportunity to present
22 further evidence in connection therewith. In the event that
23 the Administrator denies any such protest in whole or in part,
24 he shall inform the protestant of the grounds upon which such

1 decision is based, and of any economic data and other facts
2 of which the Administrator has taken official notice.

3 (b) In the administration of this Act the Administrator
4 may take official notice of economic data and other facts,
5 including facts found by him as a result of action taken under
6 section 202.

7 (c) Any proceedings under this section may be limited
8 by the Administrator to the filing of affidavits, or other written
9 evidence, and the filing of briefs.

10

REVIEW

11 SEC. 204. (a) Any protestant who is aggrieved by the
12 denial or partial denial of his protest may, within thirty
13 days after such denial, file a complaint with the Emergency
14 Court of Appeals, created pursuant to subsection (c), speci-
15 fying his objections and praying that the regulation, order, or
16 price schedule protested be enjoined or set aside in whole or
17 in part. A copy of such complaint shall forthwith be served
18 on the Administrator, who shall certify and file with such
19 court a transcript of such portions of the proceedings in con-
20 nection with the protest as are material under the complaint.
21 Such transcript shall include a statement setting forth, so far
22 as practicable, the economic data and other facts of which
23 the Administrator has taken official notice. Upon the filing
24 of such complaint the court shall have exclusive jurisdiction

1 to set aside such regulation, order, or price schedule, in whole
2 or in part, to dismiss the complaint, or to remand the proceed-
3 ing: Provided, That the regulation, order, or price schedule
4 may be modified or rescinded by the Administrator at any time
5 notwithstanding the pendency of such complaint. No objection
6 to such regulation, order, or price schedule, and no evidence
7 in support of any objection thereto, shall be considered by the
8 court, unless such objection shall have been set forth by the
9 complainant in the protest or such evidence shall be con-
10 tained in the transcript. If application is made to the court
11 by either party for leave to introduce additional evidence
12 which was either offered to the Administrator and not admit-
13 ted, or which could not reasonably have been offered to the
14 Administrator or included by the Administrator in such
15 proceedings, and the court determines that such evidence
16 should be admitted, the court shall order the evidence to be
17 presented to the Administrator. The Administrator shall
18 promptly receive the same, and such other evidence as he
19 deems necessary or proper, and thereupon he shall certify
20 and file with the court a transcript thereof and any modifica-
21 tion made in the regulation, order, or price schedule as a
22 result thereof; except that on request by the Administrator,
23 any such evidence shall be presented directly to the court.

24 (b) No such regulation, order, or price schedule shall
25 be enjoined or set aside, in whole or in part, unless the com-

1 *plainant establishes to the satisfaction of the court that the*
2 *regulation, order, or price schedule is not in accordance*
3 *with law, or is arbitrary or capricious. The effectiveness*
4 *of a judgment of the court enjoining or setting aside, in whole*
5 *or in part, any such regulation, order, or price schedule shall*
6 *be postponed until the expiration of thirty days from the entry*
7 *thereof, except that if a petition for a writ of certiorari is filed*
8 *with the Supreme Court under subsection (d) within such*
9 *thirty days, the effectiveness of such judgment shall be post-*
10 *poned until an order of the Supreme Court denying such peti-*
11 *tion becomes final, or until other final disposition of the case by*
12 *the Supreme Court.*

13 *(c) There is hereby created a court of the United States*
14 *to be known as the Emergency Court of Appeals, which shall*
15 *consist of three or more judges to be designated by the Chief*
16 *Justice of the United States from judges of the United States*
17 *district courts and circuit courts of appeals. The Chief*
18 *Justice of the United States shall designate one of such judges*
19 *as chief judge of the Emergency Court of Appeals, and may,*
20 *from time to time, designate additional judges for such court*
21 *and revoke previous designations. The chief judge may,*
22 *from time to time, divide the court into divisions of three or*
23 *more members, and any such division may render judgment*
24 *as the judgment of the court. The court shall have the powers*
25 *of a district court with respect to the jurisdiction conferred*

1 on it by this Act; except that the court shall not have power
2 to issue any temporary restraining order or interlocutory
3 decree staying or restraining, in whole or in part, the effec-
4 tiveness of any regulation or order issued under section 2 or
5 any price schedule effective in accordance with the provisions
6 of section 206. The court shall exercise its powers and
7 prescribe rules governing its procedure in such manner as to
8 expedite the determination of cases of which it has jurisdiction
9 under this Act. The court shall have a seal, hold sessions at
10 such places as it may specify, and appoint a clerk and such
11 other employees as it deems necessary or proper.

12 (d) Within thirty days after entry of a judgment or
13 order, interlocutory or final, by the Emergency Court of
14 Appeals, a petition for a writ of certiorari may be filed in
15 the Supreme Court of the United States, and thereupon the
16 judgment or order shall be subject to review by the Supreme
17 Court in the same manner as a judgment of a circuit court of
18 appeals as provided in section 240 of the Judicial Code, as
19 amended (U. S. C., 1934 edition, title 28, sec. 347). The
20 Supreme Court shall advance on the docket and expedite the
21 disposition of all causes filed therein pursuant to this sub-
22 section. The Emergency Court of Appeals, and the Supreme
23 Court upon review of judgments and orders of the Emergency
24 Court of Appeals, shall have exclusive jurisdiction to deter-
25 mine the validity of any regulation or order issued under

1 section 2, of any price schedule effective in accordance with
2 the provisions of section 206, and of any provision of any
3 such regulation, order, or price schedule. Except as pro-
4 vided in this section, no court, Federal, State, or Territorial,
5 shall have jurisdiction or power to consider the validity of
6 any such regulation, order, or price schedule, or to stay,
7 restrain, enjoin, or set aside, in whole or in part, any provi-
8 sion of this Act authorizing the issuance of such regulations
9 or orders, or making effective any such price schedule, or any
10 provision of any such regulation, order, or price schedule,
11 or to restrain or enjoin the enforcement of any such provision.

12 **ENFORCEMENT**

13 *SEC. 205. (a) Whenever in the judgment of the Ad-*
14 *ministrator any person has engaged or is about to engage*
15 *in any acts or practices which constitute or will constitute*
16 *a violation of any provision of section 4 of this Act, he may*
17 *make application to the appropriate court for an order enjoin-*
18 *ing such acts or practices, or for an order enforcing com-*
19 *pliance with such provision, and upon a showing by the*
20 *Administrator that such person has engaged or is about to*
21 *engage in any such acts or practices a permanent or tem-*
22 *porary injunction, restraining order, or other order shall be*
23 *granted without bond.*

24 *(b) Any person who willfully violates any provision of*
25 *section 4 of this Act, and any person who makes any state-*

1 ment or entry false in any material respect in any document
2 or report required to be kept or filed under section 2 or sec-
3 tion 202, shall, upon conviction thereof, be subject to a fine
4 of not more than \$5,000, or to imprisonment for not more
5 than two years in the case of a violation of section 4 (c)
6 and for not more than one year in all other cases, or to both
7 such fine and imprisonment. Whenever the Administrator
8 has reason to believe that any person is liable to punishment
9 under this subsection, he may certify the facts to the Attor-
10 ney General, who may, in his discretion, cause appropriate
11 proceedings to be brought.

12 (c) The district courts shall have jurisdiction of criminal
13 proceedings for violations of section 4 of this Act, and, con-
14 currently with State and Territorial courts, of all other pro-
15 ceedings under section 205 of this Act. Such criminal
16 proceedings may be brought in any district in which any part
17 of any act or transaction constituting the violation occurred.
18 Except as provided in section 205 (f) (2), such other pro-
19 ceedings may be brought in any district in which any part
20 of any act or transaction constituting the violation occurred,
21 and may also be brought in the district in which the defend-
22 ant resides or transacts business, and process in such cases
23 may be served in any district wherein the defendant resides
24 or transacts business or wherever the defendant may be found.
25 Any such court shall advance on the docket and expedite

1 *the disposition of any criminal or other proceedings brought*
2 *before it under this section. No costs shall be assessed against*
3 *the Administrator or the United States Government in any*
4 *proceeding under this Act.*

5 *(d) No person shall be held liable for damages or pen-*
6 *alties in any Federal, State, or Territorial court, on any*
7 *grounds for or in respect of anything done or omitted to be*
8 *done in good faith pursuant to any provision of this Act*
9 *or any regulation, order, price schedule, requirement, or*
10 *agreement entered into thereunder, or under any price*
11 *schedule of the Administrator of the Office of Price Admin-*
12 *istration or of the Administrator of the Office of Price*
13 *Administration and Civilian Supply, notwithstanding that*
14 *subsequently such provision, regulation, order, price schedule,*
15 *requirement, or agreement may be modified, rescinded, or*
16 *determined to be invalid. In any suit or action wherein a*
17 *party relies for ground of relief or defense upon this Act or*
18 *any regulation, order, price schedule, requirement, or agree-*
19 *ment thereunder, the court having jurisdiction of such suit*
20 *or action shall certify such fact to the Administrator. The*
21 *Administrator may intervene in any such suit or action.*

22 *(e) If any person selling a commodity violates a regu-*
23 *lation, order, or price schedule prescribing a maximum price*
24 *or maximum prices, the person who buys such commodity for*
25 *use or consumption other than in the course of trade or busi-*

1 ness may bring an action either for \$50 or for treble the
2 amount by which the consideration exceeded the applicable
3 maximum price, whichever is the greater, plus reasonable at-
4 torney's fees and costs as determined by the court. For the
5 purposes of this section the payment or receipt of rent for
6 defense-area housing accommodations shall be deemed the
7 buying or selling of a commodity, as the case may be. If any
8 person selling a commodity violates a regulation, order, or
9 price schedule prescribing a maximum price or maximum
10 prices, and the buyer is not entitled to bring suit or action
11 under this subsection, the Administrator may bring such ac-
12 tion under this subsection on behalf of the United States.
13 Any suit or action under this subsection may be brought in
14 any court of competent jurisdiction, and shall be instituted
15 within one year after delivery is completed or rent is paid.
16 The provisions of this subsection shall not take effect until
17 after the expiration of six months from the date of enactment
18 of this Act.

19 (f) (1) Whenever in the judgment of the Administrator
20 such action is necessary or proper in order to effectuate the
21 purposes of this Act and to assure compliance with and
22 provide for the effective enforcement of any regulation or
23 order issued or which may be issued under section 2, or of
24 any price schedule effective in accordance with the provisions
25 of section 206, he may by regulation or order issue to or

1 require of any person or persons subject to any regulation
2 or order issued under section 2, or subject to any such price
3 schedule, a license as a condition of selling any commodity
4 or commodities with respect to which such regulation, order
5 or price schedule is applicable. It shall not be necessary for
6 the Administrator to issue a separate license for each com-
7 modity or for each regulation, order or price schedule with
8 respect to which a license is required. No such license shall
9 contain any provision which could not be prescribed by
10 regulation, order, or requirement under section 2 or section
11 202: Provided, That no such license may be required as a
12 condition of selling or distributing (except as waste or scrap)
13 newspapers, periodicals, books, or other printed or written
14 material, or as a condition of selling radio time: Provided
15 further, That no license may be required of any farmer as a
16 condition of selling any agricultural commodity produced by
17 him: Provided further, That in any case in which such a
18 license is required of any person, the Administrator shall not
19 have power to deny to such person a license to sell any com-
20 modity or commodities, unless such person already has such a
21 license to sell such commodity or commodities, or unless there
22 is in effect under paragraph (2) of this subsection with
23 respect to such person an order of suspension of a previous
24 license to the extent that such previous license authorized such
25 person to sell such commodity or commodities.

1 (2) Whenever in the judgment of the Administrator a
2 person has violated any of the provisions of a license issued
3 under this subsection, or has violated any of the provisions
4 of any regulation, order, or requirement under section 2 or
5 section 202, or any of the provisions of any price schedule
6 effective in accordance with the provisions of section 206,
7 which is applicable to such person, a warning notice shall
8 be sent by registered mail to such person. If the Adminis-
9 trator has reason to believe that such person has again vio-
10 lated any of the provisions of such license, regulation, order,
11 price schedule, or requirement after receipt of such warning
12 notice, the Administrator may petition any State or Terri-
13 torial court of competent jurisdiction, or a district court sub-
14 ject to the limitations hereinafter provided, for an order sus-
15 pending the license of such person for any period of not more
-16 than twelve months. If any such court finds that such person
17 has violated any of the provisions of such license, regulation,
18 order, price schedule, or requirement after the receipt of the
19 warning notice, such court shall issue an order suspending the
20 license to the extent that it authorizes such person to sell the
21 commodity or commodities in connection with which the viola-
22 tion occurred, or to the extent that it authorizes such person
23 to sell any commodity or commodities with respect to which a
24 regulation or order issued under section 2 is applicable; but
25 no such suspension shall be for a period of more than

1 twelve months. For the purposes of this subsection, any
2 such proceedings for the suspension of a license may be
3 brought in a district court if the licensee is doing business
4 in more than one State, or if his principal place of busi-
5 ness is located in or within fifty miles of a city or com-
6 munity in which a district court regularly convenes, or
7 if his gross sales exceed \$50,000 per annum. Within
8 thirty days after the entry of the judgment or order of
9 any court either suspending a license, or dismissing or
10 denying in whole or in part the Administrator's petition for
11 suspension, an appeal may be taken from such judgment or
12 order in like manner as an appeal may be taken in other
13 cases from a judgment or order of a State, Territorial, or
14 district court, as the case may be. The Administrator may
15 modify or rescind the requirement of a license at any time.
16 Upon good cause shown, any such order of suspension may
17 be stayed by the appropriate court or any judge thereof in
18 accordance with the applicable practice. Any such order of
19 suspension shall be affirmed by the appropriate appellate court
20 if, under the applicable rules of law, the evidence in the
21 record supports a finding that there has been a violation of
22 any provision of the license after the person to whom such
23 license was issued has received a warning notice. No proceed-
24 ings for suspension of a license, and no such suspension, shall
25 confer any immunity from any other provision of this Act.

SAVING PROVISIONS

1
2 *SEC. 206. Any price schedule establishing a maximum*
3 *price or maximum prices, issued by the Administrator of the*
4 *Office of Price Administration or the Administrator of the*
5 *Office of Price Administration and Civilian Supply, prior to*
6 *the date upon which the Administrator provided for by section*
7 *201 of this Act takes office, shall, from such date, have the*
8 *same effect as if issued under section 2 of this Act until such*
9 *price schedule is superseded by action taken pursuant to such*
10 *section 2. Such price schedules shall be consistent with the*
11 *standards contained in section 2 and the limitations contained*
12 *in section 3 of this Act, and shall be subject to protest and*
13 *review as provided in section 203 and section 204 of this Act.*
14 *All such price schedules shall be reprinted in the Federal*
15 *Register within ten days after the date upon which such*
16 *Administrator takes office.*

TITLE III—MISCELLANEOUS

QUARTERLY REPORT

17
18
19 *SEC. 301. The Administrator from time to time, but not*
20 *less frequently than once every ninety days, shall transmit to*
21 *the Congress a report of operations under this Act. If the*
22 *Senate or the House of Representatives is not in session,*
23 *such reports shall be transmitted to the Secretary of the*
24 *Senate, or the Clerk of the House of Representatives, as the*
25 *case may be.*

DEFINITIONS

SEC. 302. As used in this Act—

(a) The term “sale” includes sales, dispositions, exchanges, leases, and other transfers, and contracts and offers to do any of the foregoing. The terms “sell”, “selling”, “seller”, “buy”, and “buyer”, shall be construed accordingly.

(b) The term “price” means the consideration demanded or received in connection with the sale of a commodity.

(c) The term “commodity” means commodities, articles, products, and materials (except books, magazines, periodicals and newspapers, other than as waste or scrap), and it also includes services rendered otherwise than as an employee in connection with the processing, distribution, storage, installation, repair, or negotiation of purchases or sales of a commodity, or in connection with the operation of any service establishment for the servicing of a commodity: Provided, That nothing in this Act shall be construed to authorize the regulation of (1) compensation paid by an employer to any of his employees, or (2) rates charged by any common carrier or other public utility, or (3) rates charged by any person engaged in the business of selling or underwriting insurance, or (4) rates charged by any person engaged in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio-broadcasting station, or (5) rates charged for any professional services.

1 (d) The term "defense-rental area" means the District
2 of Columbia and any area designated by the Administrator
3 as an area where defense activities have resulted or threaten
4 to result in an increase in the rents for housing accommoda-
5 tions inconsistent with the purposes of this Act.

6 (e) The term "defense-area housing accommodations"
7 means housing accommodations within any defense-rental
8 area.

9 (f) The term "housing accommodations" means any
10 building, structure, or part thereof, or land appurtenant
11 thereto, or any other real or personal property rented or
12 offered for rent for living or dwelling purposes (including
13 houses, apartments, hotels, rooming or boarding house ac-
14 commodation, and other properties used for living or dwell-
15 ing purposes) together with all privileges, services, furnish-
16 ings, furniture, and facilities connected with the use or
17 occupancy of such property.

18 (g) The term "rent" means the consideration demanded
19 or received in connection with the use or occupancy or the
20 transfer of a lease of any housing accommodations.

21 (h) The term "person" includes an individual, corpora-
22 tion, partnership, association, or any other organized group
23 of persons, or legal successor or representative of any of the
24 foregoing, and includes the United States or any agency
25 thereof, or any other government, or any of its political sub-

1 divisions, or any agency of any of the foregoing: Provided,
2 That no punishment provided by this Act shall apply to the
3 United States, or to any such government, political subdivi-
4 sion, or agency.

(i) The term "maximum price", as applied to prices of commodities means the maximum lawful price for such commodities, and the term "maximum rent" means the maximum lawful rent for the use of defense-area housing accommodations. Maximum prices and maximum rents may be formulated, as the case may be, in terms of prices, rents, margins, commissions, fees, and other charges, and allowances.

(j) The term “documents” includes records, books, accounts, correspondence, memoranda, and other documents, and drafts and copies of any of the foregoing.

(k) The term “district court” means any district court of the United States, and the United States Court for any Territory or other place subject to the jurisdiction of the United States; and the term “circuit courts of appeals” includes the United States Court of Appeals for the District of Columbia.

SEPARABILITY

22 *SEC. 303. If any provision of this Act or the applica-*
23 *tion of such provision to any person or circumstances shall*
24 *be held invalid, the validity of the remainder of the Act and*

1 *the applicability of such provision to other persons or cir-*
 2 *cumstances shall not be affected thereby.*

3 *APPROPRIATIONS AUTHORIZED*

4 *SEC. 304. There are authorized to be appropriated such*
 5 *sums as may be necessary or proper to carry out the pro-*
 6 *visions and purposes of this Act.*

7 *APPLICATION OF EXISTING LAW*

8 *SEC. 305. No provision of law in force on the date of*
 9 *enactment of this Act shall be construed to authorize any action*
 10 *inconsistent with the provisions and purposes of this Act.*

11 *SHORT TITLE*

12 *SEC. 306. This Act may be cited as the "Emergency*
 13 *Price Control Act of 1942".*

Passed the House of Representatives November 28,
 1941.

Attest:

SOUTH TRIMBLE,
Clerk.

77TH CONGRESS
1ST SESSION

H. R. 5990

[Report No. 931]

AN ACT

To further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

DECEMBER 4, 1941

Read twice and referred to the Committee on
Banking and Currency

JANUARY 2, 1942

Reported with an amendment

A. That in place of the Wisconsin Cooperative Milk Pool, a group be represented on the board of directors to be known as other cooperative cheese factories, and the independent cheese factories be a definite group with representation on the board of directors.

B. That under the heading of organizations entitled to an associate director, the name of the Wisconsin Agricultural Authority be omitted.

C. That in article VI under title of "Quorum" there be added the following: "If less than two-thirds majority are present, then unanimous vote shall be required."

RESOLUTION NO. 4

Inasmuch as the demonstrational type of promotion appears also to be very effective: Therefore be it

Resolved, That we suggest to the board of directors of the Wisconsin Dairy Industries Association that consideration be given to a dairy demonstration type of program within the State by employing, at least part time and possibly in conjunction with sound and reputable organizations, a person or persons to conduct dairy-product cooking schools.

RESOLUTION NO. 5

We recommend to the board of directors of the Wisconsin Dairy Industries Association the desirability of building interest in and support for the Wisconsin Dairy Industries Association by encouraging greater attendance at the annual meeting. We suggest this to be done, first, by encouraging the attendance of farm women; second, by providing a luncheon for dairymen and their wives attending the annual meeting, and also by supplying entertainment and demonstrations. We believe it is basic to the endurance of this organization that greater interest be instilled and a much larger attendance at annual meetings be guaranteed. To the accomplishment of this valuable objective we submit that the spending of an amount up to \$600 would be a sound investment for the future of the Wisconsin Dairy Industries Association.

RESOLUTION NO. 6

Whereas maintaining the health of American soldiers and sailors is as essential now as always and inasmuch as other spreads in place of butter will not provide as adequate nutrition: Therefore be it

Resolved by the Wisconsin Dairy Industries Association, assembled in annual meeting at Marshfield, Wis., October 20, 1941, That bill S. 1959, legalizing the use of oleomargarine in feeding the armed forces of the United States be strenuously opposed.

RESOLUTION NO. 7

Whereas information furnished this association from reliable sources indicating ever-increasing activities of price control of agricultural products, especially dairy products, and realizing the responsibility the dairy industry has in the present emergency for national defense when the Government requests greater quantities of dairy products to be produced for export; and

Whereas it is the purpose and function of the Wisconsin Dairy Industries Association to assist and promote in every way possible this national movement of greater production of dairy products, it is of great concern to the entire dairy industry to have movements promoted for the regulation of prices on dairy products and other agriculture products, all of which at present are 21 percent below the 1929 level;

Whereas labor costs are 5 percent over the 1929 level, creating a disparity and placing the dairy industry in a position where national request for additional production cannot be met: Be it therefore

Resolved by the Wisconsin Dairy Industries Association, in convention assembled at Marshfield this 20th day of October 1941, That the true condition of our industry be brought to the attention of our Representatives in the United States Senate and Congress, in order

that immediate steps be taken to prevent any further movements by Government agencies or others to infringe on the rights of the farmer, and particularly the dairyman, of receiving a fair price for his products, by Government regulations, creating inequality between types of dairy products, promotion of substitutes, and importation of dairy products at a price when the dairyman is starting to receive somewhat near cost of production.

RESOLUTION NO. 8

Whereas the inconsistent prices on dairy products, especially butter, as compared with other dairy products, are seriously damaging the industry and interfering with Government requests for lend-lease help from the dairy industry. Continuation of apparently contradictory policies will result in very serious repercussions in the entire dairy industry: Therefore be it

Resolved, That the Wisconsin Dairy Industries Association, assembled in convention this 20th day of October 1941, request the Honorable Claude R. Wickard, Secretary of Agriculture, and all Representatives and Senators of Wisconsin, to help prevent such repercussions in the dairy industry; be it further

Resolved, That a copy of this resolution be sent to the Senators and Representatives of Wisconsin and Hon. Claude R. Wickard, Secretary of Agriculture.

RESOLUTION NO. 9

Be it resolved, That copies of the foregoing resolutions pertaining to the pronouncements of Secretary Wickard, and those relating to oleomargarine standards and the use of oleomargarine in feeding the armed forces of the United States, be sent to Wisconsin Congressmen, United States Senators from Wisconsin, to Secretary Wickard, to Federal Security Administrator Paul V. McNutt, and to any others in Federal service to whom such resolutions might be of concern.

RESOLUTION NO. 10

A. J. Brovold was one of the incorporators and a director of the Wisconsin Dairy Industries Association when he was taken from our midst. Mr. Brovold had at heart the welfare of the dairy industry. He spent much of his time and effort in behalf of dairymen, and his counsel and advice were much appreciated. It is with deep regret that we record the passing of A. J. Brovold. We extend our sincere sympathy to the family of the deceased.

RESOLUTION NO. 11

Because of the hospitality enjoyed by all attending this the third Wisconsin Dairy Industries Association annual meeting, we thank the Marshfield Commercial Club, the Eagles Club of Marshfield, and all others locally who contributed to the success of our 1941 meeting. Particularly we are grateful to Mr. Huffman, of Wisconsin Rapids, manager and director of the Wisconsin radio network, and to the several broadcasting stations that have cooperated in publicizing this convention and who have so generously worked together in carrying our program to the dairymen of Wisconsin. We also thank the personnel of station WLBL for their assistance and cooperation.

We are appreciative for the contributions made by our State department of agriculture, Wisconsin College of Agriculture, the daily, weekly, and farm press, and radio stations, which has meant much to the success of our Wisconsin Dairy Industries Association.

ENROLLED JOINT RESOLUTION PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on December 30, 1941, that committee presented to the President of the United States the enrolled joint resolution (S. J.

Res. 123) fixing the dates of meeting of the second session of the Seventy-seventh Congress and of the first session of the Seventy-eighth Congress.

NOMINATION OF COL. HENRY L. LARSEN, MARINE CORPS

Mr. GILLETTE. By request, from the Committee on Naval Affairs, as in executive session, I report favorably a nomination in the Marine Corps, and I ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. The nomination will be read.

The Chief Clerk read the nomination of Col. Henry L. Larsen to be brigadier general in the Marine Corps for temporary service from the 22d day of December 1941.

The VICE PRESIDENT. Is there objection to the immediate consideration of the nomination as in executive session?

Mr. McNARY. At this time, yes.

The VICE PRESIDENT. The nomination will be passed over temporarily.

Mr. BARKLEY. Mr. President, it will have to go to the calendar, if there is objection, and, under the rule, could not be taken up today.

Mr. McNARY. I understand the rule; I am not objecting to the presentation of the report; but, at the present time, its consideration would interfere with the orderly proceedings of the Senate.

The VICE PRESIDENT. The introduction of bills and joint resolutions is in order.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McNARY:

S. 2162. A bill for the relief of Luther Edwin West; to the Committee on Military Affairs.

By Mr. REED:

S. 2163. A bill to amend section 5 of the Interstate Commerce Act, as amended, with respect to the pooling and division of certain revenues of carriers subject to such act; to the Committee on Interstate Commerce.

COMPENSATION TO OFFICERS AND EMPLOYEES OF THE GOVERNMENT FOR TIME ON MILITARY DUTY

Mr. DAVIS. I introduce a bill and ask that it be referred to the Committee on Military Affairs. It relates to the payment of compensation of officers and employees of the United States Government for time spent on duty as members of the military forces—other than the National Guard—of a State, Territory, possession, or the District of Columbia.

I also ask to have printed in the Record and referred to the committee a letter I have received from Robert G. Woodside, colonel, commanding the Third Infantry at Pittsburgh, Pa., and also a letter from the First Assistant Postmaster General.

The VICE PRESIDENT. Without objection, it is so ordered.

The bill (S. 2164) relating to the payment of compensation of officers and employees of the United States Government for time spent on duty as members of the military forces (other than the National Guard) of a State, Territory, possession,

or the District of Columbia, was read twice by its title and referred to the Committee on Military Affairs.

The letters presented by Mr. DAVIS to accompany the bill, S. 2164, were referred to the Committee on Military Affairs, as follows:

HEADQUARTERS, THIRD REGIMENT,
PENNSYLVANIA RESERVE DEFENSE CORPS,
Pittsburgh, Pa., December 24, 1941.

Subject: Federal Government employees on duty with Pennsylvania Reserve Defense Corps.

To: Hon. JAMES J. DAVIS, United State Senator, Washington, D. C.

For your information, I am enclosing herewith copy of letter received from the First Assistant Postmaster General by the commander of our Company B at New Castle.

We have been endeavoring to have employers cooperate with us in the operation of our force by taking care of the difference in pay received by these men in their regular employment and what they receive from the State while on this service. Most of our men are men of family and for this reason are serving with us instead of the other armed forces. As you are probably aware, the Pennsylvania Reserve Defense Corps are mobilized on order of the War Department, and it puts us in an awkward position if the Government facilities refuse to do what we are asking private employers to do. I might say that Governor James is taking care of the matter satisfactorily for all the employees of the State under his control.

I would appreciate it very much if you would have this important matter given immediate attention.

ROBERT G. WOODSIDE,
Colonel, Commanding Third Infantry.

N. B.—The only way this can be rectified is by act of Congress.

DECEMBER 17, 1941.

Captain McCLELLAND,
Commanding Officer, Company B, Third
Regiment, Pennsylvania Reserve
Defense Corps, New Castle, Pa.

MY DEAR CAPTAIN McCLELLAND: Reference is made to your telegram of December 15, 1941, to the Postmaster General regarding the payment of salary to post-office employees while in the military service, with particular reference to Clifford B. Gill, a city carrier in the Sharpsville, Pa., post office, who is a member of Company B, Third Regiment Pennsylvania Reserve Defense Corps, which is on duty.

Based on the present information of the Department, a post-office employee, during the time he is called out for duty as a member of a State defense organization, would not be entitled to any compensation under the Post Office Department. However, should he have vacation leave to his credit, he could be granted such vacation to the extent accrued and, of course, be paid as usual under this Department. Otherwise he would be granted leave without pay by his postmaster.

Very truly yours,
AMBROSE O'CONNELL,
First Assistant Postmaster General.

The VICE PRESIDENT. The routine morning business is closed.

AUTHORIZATION FOR SIGNING BILLS AND RECEIVING MESSAGES

Mr. BARKLEY. Mr. President, I present an order and ask unanimous consent that it may be considered and entered.

The VICE PRESIDENT. The clerk will read.

The Chief Clerk read as follows:

Ordered, That, notwithstanding the final adjournment of the first session of the

Seventy-seventh Congress today, authority be given to the Secretary of the Senate to receive messages from the House of Representatives and to the Vice President to sign duly enrolled bills or joint resolutions.

The VICE PRESIDENT. Is there objection to the request of the Senator from Kentucky? The Chair hears none, and, without objection, the order is entered.

AUTHORIZATION FOR REPORT OF PRICE CONTROL BILL

Mr. BARKLEY. Mr. President, while I am on my feet, I wish to state that the Banking and Currency Committee is called to meet at 2 o'clock to receive the report of the Subcommittee on Price Control Legislation, and expects to order its report this afternoon. It is not contemplated, I will say to the Senate, that the bill be taken up before next Tuesday, but the sooner the report is filed the more time all Senators will have to read it and study it. Therefore, I ask unanimous consent that the Committee on Banking and Currency be authorized, during the adjournment of the Senate, to make its report upon that proposed legislation.

The VICE PRESIDENT. Is there objection?

Mr. McNARY. I am glad to note the committee is ready to make a report. As long ago as August last, I discussed the matter with the able Democratic leader, and suggested that the lateness in getting the bill before Congress and the delay in the other House were causing a dislocation of business. This is the first of the year. I am not ascribing any delay to the committee or to the able leader on the Democratic side. However, I want a little time to study the measure before it is brought to the floor for action. Monday, I understand, will be given over to a message from the President, and probably a Budget message. I do not know whether we want to plunge into the discussion of this measure on Tuesday, with so little time being given to study the hearings and the report and the bill, which has not been filed, but which, I think, is an improvement over the House bill. So we should have some opportunity for consideration and reflection.

The point I am making is that there was an emergency for this measure long ago, but the call was not heeded, and I am not now in a disposition and mood to rush into it without opportunity given for thorough study of the measure. If the report could be printed by Monday, or earlier, and we could go along until Wednesday, it would suit me better than to take up the bill Tuesday.

Mr. BARKLEY. I will say to the Senator that I agree with his preliminary statement. The Senator from Oregon has been interested in and he and I discussed price-control legislation frequently, and, indeed, as early as last August. The delay has not been due to any fault of this body or of the Committee on Banking and Currency. The hearings and proceedings of the committee were greatly shortened, compared with the hearings held in the House of Representatives. We have had nonpartisan cooperation among the members of the committee in an attempt to get the proposed legislation reported.

I am not particular about the bill being brought up Tuesday, as compared with Wednesday, but if we cannot get the consent which I have asked, the committee could not report until Monday; the report would not be available until Tuesday, and to that extent there would be a denial of opportunity to Members of the Senate to study the legislative proposal and the hearings.

The hearings have been in print for a week or two. If we can get the report filed, it will be printed and will be available Monday or Tuesday; and I am satisfied the Senator from Oregon and I can agree on a time when consideration of the bill may begin, without doing injustice to the Members of the Senate.

Mr. McNARY. I excused the Senate committee in my preliminary statement. I am sure I shall have no difficulty in coming to an agreement with the able Democratic leader. If we can have the report printed soon, and then approach the subject gradually, and discuss it Tuesday, and then, if some Senators may not be able to speak on it that day, we could take an early adjournment to Wednesday, that would be very satisfactory.

Mr. BARKLEY. There will be no difficulty about it.

Mr. McNARY. I have no objection. I am sure we will have an understanding.

The VICE PRESIDENT. Without objection, the request of the Senator from Kentucky is granted, and the report will be received and printed.

FALL OF MANILA—AMERICA HAS JUST BEGUN TO FIGHT

Mr. CONNALLY. Mr. President, Senators no doubt are advised that the War Department has just announced that Manila has been captured by the Japanese. I feel that under ordinary circumstances this information would be somewhat disquieting to our people, and I think someone should sound a note to the effect that there is no cause for depression by reason of the fall of Manila.

Military and naval experts for years have regarded the Philippines as a military liability, and not an asset. Because of the distance from this country to the Philippines and without bases nearer than the United States, it is very difficult, of course, even in normal times, to reinforce them and properly supply them.

Everyone knows that Japan has been meditating and preparing for an attack on the United States, and whether she intended to attack the United States or not, she has been prepared from a military and naval standpoint and has been engaged in war for 4 years. No doubt she could put a million men in the Philippines, if it were necessary, before we could even get one transport to that neighborhood. So I trust that the people of the United States will not be disheartened and will not regard the capture of Manila as a tragic incident.

When we get ready with our Army and Navy forces—and I hope it will be soon—of course, we shall recapture the Philippines, and we shall take the necessary measures to see that appropriate punishment is meted out for the treacherous



on Military Affairs the bill (S. 2152) to provide for the planting of 45,000 acres of guayule in order to make available a domestic source of crude rubber for emergency and defense uses. Since the hearings before the committee on the bill, some of the departments of the Government have made several suggestions as to proper amendments. In my opinion, the amendments should go to the committee for consideration, and I, therefore, ask unanimous consent that the bill be recommitted to the Committee on Military Affairs for further consideration.

The VICE PRESIDENT. Without objection, the bill will be recommitted to the Committee on Military Affairs.

AMENDMENTS TO PRICE-CONTROL BILL

Mr. BANKHEAD submitted an amendment, and Mr. TAFT submitted several amendments intended to be proposed by them, respectively, to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes, which were severally ordered to lie on the table and to be printed.

CHRISTMAS GREETINGS FROM SENATOR WILEY

[Mr. WILEY asked and obtained leave to have printed in the RECORD remarks by him conveying Christmas greetings, broadcast over station WOL on Monday, December 29, 1941, which appear in the Appendix.]

LABOR-INDUSTRY CONFERENCE

[Mr. THOMAS of Utah asked and obtained leave to have printed in the RECORD a list of the members of the Labor-Industry Committee, together with the remarks and the letter of the President of the United States to the conference, which appear in the Appendix.]

NOMINATION OF EDWARD C. EICHER—NOTICE OF HEARING

Mr. McCARRAN. Mr. President, the Committee on the Judiciary has received the nomination of Edward C. Eicher, of Iowa, to be chief justice of the District Court of the United States for the District of Columbia, vice Hon. Alfred A. Wheat, retired.

As chairman of the subcommittee considering this nomination, and as required by rule 1 of the committee, I announce that Friday, January 16, at 10 a. m., has been set as the time for a public hearing on the nomination, in the Judiciary Committee room, at which all interested parties will be heard.

DECENTRALIZATION OF GOVERNMENT AGENCIES

Mr. WILEY. Mr. President, I ask to have printed in the RECORD a letter I have written to a number of Senators in relation to the decentralization plan which the President is at present apparently putting into operation.

I call attention to the fact that under the Department of Agriculture there are about 12 separate subheads. I think it would be very advantageous to locate the dairy section in the State of Wisconsin, which is the center of the dairy indus-

try. I think it would be advantageous to transfer the wheat section, let us say, to some place in the wheat area, and so on down the list.

If such a suggestion were carried out, I think that we in Washington could put a stop to much of the overbuilding, and utilize much of the space which would be available in buildings such as that of the Department of Agriculture for taking care of the war efforts.

The VICE PRESIDENT. Is there objection to the request of the Senator from Wisconsin?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

UNITED STATES SENATE,
COMMITTEE ON THE JUDICIARY,
January 2, 1942.

DEAR SENATOR: For some years now we have seen the danger of centralization—centralization of government and centralization of industry. Since the war broke in Europe we have seen the unhealthy tendency of centralizing defense orders in a few great organizations. You know the story. I need not go into details.

Recently I wrote the President of the United States a letter, as follows:

"MY DEAR MR. PRESIDENT: On Friday evening last you announced the transfer of more than 10,000 Federal workers in 12 Federal agencies from Washington to other cities in this Nation. In doing that you put into effect what many of us contended should have been done long ago, only we believe you have not gone far enough.

"We hope that step is but the beginning of decentralization of Government agencies. We believe there are many more agencies which should immediately be taken out of Washington; so doing will make government more efficient.

"What is, more, such a move will stop in some measure the tremendous Government building program in the District of Columbia, with resulting bottlenecks and inefficiency. Taking additional agencies out of Washington will make available space which is much needed here to add efficiency to the war effort.

"What is more important, Government, in taking this step, will put into other cities and other communities Government pay rolls which are sadly needed there in this war period. As you know, Mr. President, there are communities that have been sadly depleted by Government because of the centralization of defense activities in other areas.

"There is a great demand in this country for a pruning of all Government activities and agencies which are not necessary for defense. The Agriculture Department, the Interior Department, and others have "mushroomed" under your administration during the past years. Here in Congress we know that when a man heads up any department in government he seems to have but one purpose, and that is to make his department bigger and more expensive to operate. As a result, bureaucracy has run rampant, efficiency is forgotten, and the obligation to the taxpayer is overlooked.

"Think of it—this year the overhead of the Department of Agriculture is over a billion dollars—more than the total cost of Government some years back. I call to your attention that in 1932 there was a pledge to abolish useless commissions and bureaus and to save not less than 25 percent in the cost of Federal Government.

"Just as common sense dictated your move in relation to these 12 agencies, so conscience and common sense should dictate further decentralization of Government and defense agencies, and pruning of personnel in those

departments which are not especially connected with the war effort.

"With compliments of the season, I remain,
"Respectfully yours,
"ALEXANDER WILEY."

This letter, I hope, expresses your view.

Would it not be wise to organize a bloc of Senators to bring about more decentralization in Government agencies and in war orders—decentralization based on study and on common sense?

If, as we all believe will be the case, this Nation will have to devote 50 percent of its effort for war, it is imperative that the cities of the West and Middle West be given war orders. I say it is imperative because that section must live. The first line of defense in any war is the morale of its people. Its morale depends upon many factors, but the primary factor is the ability of the people to live. They must have earnings. They must have work. Yes; back of the soldiers in the front line is the home front. Putting pay rolls of Government employees—resulting from decentralization—back into the Middle West would be a healthy economic move.

We of the Middle West must protect our own. Just look at the way Government money has been spent in certain States. The result has been to draw skilled labor from the Middle West into centers of the East. The result has also been to make certain sections of our country overpopulated, producing inflated values, congestion, and depopulating other sections and reducing values there. These States where production is centered are the ones which would be first attacked by an enemy. The campaign in Russia ought to teach us something. We can learn a few lessons from Hitler—he has decentralized his war production.

There has been some complaint because the President has moved some agencies. Of course, moving the same would inconvenience someone, but we are, in the name of defense, taking millions of men for our Army and destroying thousands of small businesses.

The President's action so far in transferring one agency to Richmond and another to Philadelphia isn't much decentralization. It is still maintaining everything in the East.

Let's get back of this move and see if we cannot get bigger results. The cities of the Middle West have vacant buildings immediately available to meet the situation. I know Milwaukee and other cities in my State will welcome joyously such action.

We in Congress should see to it that decentralization takes place and not put any impediments in the way.

We have now a "decentralization committee," composed of big men, big enough to see what is involved—the meaning of this move to our beloved country, its security—economic and political. Let's get back of it.

Respectfully,

ALEXANDER WILEY.

Mr. LEE. Mr. President, I am not in favor of decentralizing the Federal Government, scattering Federal agencies all over the United States, but it seems that is to be done; and since it is to be done, I believe these agencies should be located in places where there is some reason or logic for locating them. Therefore I am about to introduce a bill which will require the location of the Indian Bureau in the State of Oklahoma, where there live 27.6 percent of the Indians of the United States. We have in our State almost one-third of the Indians of the United States. The next highest in percentage is Arizona, where there are 14.2 percent. Next is New Mexico, where there are 10.4 percent. Then comes

South Dakota, with 8.1 percent; California, with 6.6 percent; then the others in decreasing percentages. If we are to distribute the Federal agencies, they should be distributed with due regard to the agency and the type of people it serves. Therefore I am about to introduce a bill and to ask that it be properly referred.

The VICE PRESIDENT. The second session of the Seventy-seventh Congress has just met, and under the customary practice bills are not received until after the President has delivered his annual message to Congress.

Mr. LEE. In that case, Mr. President, I shall withhold the introduction of the bill but will let my remarks stand as of today.

SEPARATE DEPARTMENT OF AVIATION

Mr. McCARRAN obtained the floor.

Mr. McNARY. Mr. President, may I inquire whether the Senate has concluded the routine morning business?

The VICE PRESIDENT. The routine morning business, under the custom of the Senate, is not in order on the first day of the session of a Congress.

Mr. McCARRAN. Mr. President, it is with a deep sense of responsibility, even of reluctance, that I address the Senate this afternoon on a subject which is of the utmost importance. The United States is at war. We are all familiar with the immediate circumstances which brought forth on December 8, 1941, a declaration of war against the Empire of Japan. No one can view the events preceding that declaration without experiencing a keen sense of anxiety because of what took place at Pearl Harbor, and wondering why we were not better prepared to cope with the enemy. The Secretary of the Navy, Mr. Knox, returned from Hawaii, following a hurried investigation. He submitted his report to the President. We, of course, do not know the exact contents of that report, but we do know, Mr. President, that a horrible thing was done to the armed forces of the United States on that fateful December 7. We do know that as a direct consequence of the report submitted by Secretary Knox, the commander of the Pacific Fleet, the commander of the Hawaiian division of the Army, and the commander of the Army air force have been relieved of their assignments. I think we can therefore make the reasonable assumption that the situation was serious enough to warrant such drastic action.

My purpose in taking the floor this afternoon is not to criticize, but rather to express caution, lest the Senate proceed to a hasty conclusion. Do not lose sight of the forest, Mr. President, because of a few trees that may be a little more conspicuous. With this idea in mind, I might with propriety call attention to a bill which I introduced some months ago, which is now pending before the Committee on Military Affairs.

Senate bill 1635 would create a department of aviation. For many years I have been deeply concerned with the development of aviation in the United States, both civil and military, because I believe that in the years to come the nation which controls the air will control the world. I think we can all agree that

events of the past 3 years unquestionably support that belief. Supremacy in the air for the United States is an indispensable essential to the continued existence of this democracy.

My bill has been the subject of much discussion. It has been advocated and criticized by high-ranking officers of the armed forces. I welcome a free and open discussion of the merits of the proposed legislation, because it is through such processes that America expresses the will of the people.

In that connection, there recently appeared in a much publicized weekly magazine an article written by Rear Admiral Harry E. Yarnell, now a retired officer of the United States Navy, in which he undertook to show, first, that the British R. A. F. has failed; and second, that this failure is due to the fact that the R. A. F. operates as a unit independent of the other armed forces.

In my opinion, Mr. President, Admiral Yarnell's article is a veiled attempt to refute arguments advanced by me and by other proponents of Senate bill 1635, by presenting a wholly one-sided picture of isolated instances in which the R. A. F. has not, perchance, measured up to the highest expectations. I do not question the propriety of Admiral Yarnell, or any other officer of the armed forces, presenting his views on this vital question. As I have said, I welcome a free and open discussion on the merits of my bill. But I am unwilling to have this proposed legislation considered on the basis of prejudiced magazine articles, which are written by those in authority with the hope that Congress may never proceed to a consideration of this all-important question.

I may say here, Mr. President, that the always gracious and cooperative chairman of the Committee on Military Affairs, the Senator from North Carolina [Mr. REYNOLDS] has assured me that his committee will hold hearings on my bill in the near future, and that this matter will be thoroughly gone into. Yet, inasmuch as there has already been an organized propaganda drive to prejudice any legislation looking to the establishment of complete autonomy in the air, I wish to call attention to a few very pertinent facts.

For instance, I have heard it said that the only reason why Germany succeeded in invading Norway is that the British R. A. F. pilots could not recognize a German vessel when they saw one. Opponents of a separate air force have written in the press of the Nation that if the British pilots had also been naval men, they would have known these were German vessels, and the invasion might have been thwarted before it got under way. That may be true, Mr. President, and yet I cannot overlook the fact that the great British Navy was actively patrolling the same waters night and day, and that all the naval training which its officers and men had received could not save the situation.

I have also heard it said that Germany succeeded in invading Crete because the British R. A. F. was based some 300 miles distant at Mersa Matruh, in Egypt; that it did not respond to the request of the

British Navy for assistance, because it was under a separate command.

These statements, Mr. President—and I regret that they have been given much credence as arguments against a separate air force—overlook the plain and fundamental fact that both Norway and Crete were invaded by an independent air force, under a separate command, in the hands of Germany. Moreover, such statements fail to disclose the very important fact that the attempted British counterinvasion of Norway was a complete failure, notwithstanding the fact that the British landed troops in large force, who were welcomed with open arms by the Norwegians solely because the invading forces were unmercifully bombed from the air by an autonomous air force of Germany.

Price Minister Churchill explains the British failure as due to—

Intense, continuing bombings of the bases at Namsos and Aadalnes, which prevented the landing of large reinforcements and even of artillery for the infantry already landed. It was necessary therefore to withdraw the troops or to leave them to be destroyed by overwhelming forces.

The German Navy did not defeat Britain's counterinvasion of Norway, nor were German land forces responsible for Britain's failure. Britain was defeated in Norway by the Luftwaffe under a separate command of the German high command. Not only that, but the detachment in operation was relatively small, operating from bases some 300 miles distant from the point of attack.

When Germany invaded the island of Crete there were only 10 serviceable British planes on that island. However, the R. A. F. cannot be held to account for a shortage of planes, because the British Navy, which was in command at that point, believed it had sufficient air power until after the attack began.

But assuming that Britain's defeat at Crete was due to a lack of air power, and even assuming that the R. A. F. was absolutely responsible for this failure, we cannot and must not overlook the fact that Crete was invaded by an independent air force, the Luftwaffe, under a separate command, and that the Germans succeeded in landing some 35,000 men. Those men were sustained by vertical supply lines, a remarkable demonstration of the striking power of an independent air force. Yes; there may be those who believe that Crete was conquered because the R. A. F. was stationed at a distance, but I venture to say that the blame may well rest with the British Navy because it did not foresee an invasion by air. No matter whom we may blame, Mr. President, we are still confronted in the last analysis with the indisputable fact that supremacy in the air was achieved by a separate air force with which the British Navy had not reckoned.

Opponents of my bill have used the incident at Crete as proof that the Navy and the Army must not be deprived of air support when entering into an engagement. Manifestly that statement is true, and I wholeheartedly agree that neither the Army nor the Navy should be bereft of air support. But this argu-

ment can have no relation to my bill, because section 7 provides:

SEC. 7. The air force shall be so trained as to comprise a combatant force of the United States with a view to operating either with the armed land or sea forces of the United States, or with both combined, or independently of either, as the President may determine. The President is authorized to attach such units of the air force as may be necessary for cooperation with the armed land and sea forces of the United States in time of war or threatened hostilities, and during maneuvers, target practice, and such other exercises as may be held by those forces. When such units are so attached, they shall be under the command of the designated commander of the land or sea force, or both, as the case may be. Should the offensive or defensive operation in time of war or threatened hostilities and the maneuver or exercise in time of peace be from their nature aeronautical, the President is authorized to attach to the air force such units of the armed land or sea forces as he may deem necessary. When such units are so attached, they shall be under the command of the designated commander of the air force.

Thus it will be seen that if the engagement is to be naval, sufficient air power may be attached to the Navy, under the command of the Navy. If the engagement is primarily that of the Army, sufficient air power may be attached, under the command of the Army. On the other hand—and this I deem vital to the successful prosecution of this war—if the engagement is primarily in the air, or through the air, the air force shall be in command and sufficient Army or Navy personnel shall be attached, under the command of the Air Force.

Mr. President, experiences of the past 3 years have conclusively demonstrated that the military strategy of yesteryear is gone forever. Modern warfare is waged by Hitler and his satellites on a philosophy of Hit-the-base-and-run. Our enemies are not concerned with outlying outposts for defense. They are not concerned with long conquests by trench warfare, or with blockades, or with a strategy that looks merely to hanging on until the enemy collapses from within. Enemies today strike swiftly, suddenly, treacherously, at the strongest base of operations and then flee to organize for another assault. I need name only a few instances to bear me out—Warsaw, Rotterdam, Liege, Belgrade, London, and, above all, Pearl Harbor.

We, of all nations, Mr. President, should be the least surprised at this method of attack. The awful, devastating, destructive force of air power was pointed out more than 16 years ago by the late Gen. William "Billy" Mitchell. General Mitchell was commander in chief of the American air forces in Europe during the last World War. As a result of his experience, he became convinced that a separate air force was the most destructive weapon, both offensively and defensively, that man could devise. During the years 1919 through 1921, General Mitchell repeatedly gave practical demonstrations proving that airplanes could sink battleships, and that they could be fashioned into a terrible striking force. Unfortunately for us, Mr. President, he was crucified for his efforts. In 1925 the late General Mitchell was

court-martialed for insubordination because he refused to yield to arguments of the type put forth by Admiral Yarnell. Mitchell was right. Time has proven that. Yarnell is wrong, and it requires no more time to prove him wrong.

However, Germany heeded the unanswerable arguments presented to this country by Mitchell, and Germany organized the greatest air force man had ever seen. Somewhat belatedly Great Britain followed the teaching of Mitchell; and, under Winston Churchill as Minister for Air, Britain achieved a unified air force. Today, Mr. President, the United States is the last remaining great power with its air command scattered asunder, divided between the Army, the Navy, and the Marine Corps.

Truly, in the case of General Mitchell, a prophet in his own country is without honor.

Times have changed, Mr. President. The outmoded conception of certain fixed frontiers has been relegated to another era. Originally the only function of a navy was to transport foot soldiers from one place to another. When the United States came into existence we had no navy. After vessels were armed, in order that they might defend themselves, they came to be used offensively for the first time, and there came into being a navy under the command of one who had been schooled and experienced in the potential power of naval vessels. The Congress finally heeded the warnings of eminent authorities and created a Department of the Navy. This effort on the part of Congress was bitterly opposed by high officers of the armed forces, whose illustrious careers and experience gave them prestige similar to that now enjoyed by some who today oppose the creation of a separate air force in our country.

Mr. President, there is, of course, a very marked distinction between fighting on land and fighting on water, but there is no distinction between the air over land and the air over water. It is all air. A bomber flies and bombs objectives equally well over sea or land, and I care not whether it be a naval bomber or an Army bomber. In modern warfare there can be no line of demarcation in jurisdiction over certain areas of the air. Oh, how specious the reasoning that naval aircraft should bomb only vessels, but shall not operate over land; or that Army aircraft should bomb only troops, but should not operate over water. Yet that is the fundamental basis on which the Army and Navy Air Corps today remain divided. We may be sure that our enemies are not following such fallacious teachings. Our enemies, Mr. President, are proceeding on the very practical notion that a bomber is a bomber, no matter where it may be, and no matter whether the engagement is over land or water. The enemy has achieved a unity of air command that we cannot afford to overlook in the present or forget in the future—which brings me back to my original thought: "That nation which controls the air in the future will control the world."

Mr. President, those of us who today advocate the establishment of a separate,

unified air force have in mind the establishment of a trinity of defense for our country: An army equipped to strike swiftly and decisively; a navy equipped to ply the waters of the world and to carry our flag in majesty and safety everywhere; and an air force acting as an umbrella, as it were, over all, to meet with power of finality any invading enemy using the air, and to defend over land and over sea our military forces of the Army and the Navy. With this trinity of defense established and equipped there will never again be an incident like Pearl Harbor, like the Philippines, like Manila, and our country will be preeminently in a position to police the world for the democracy for which our men are today dying; to police the world for democracy until the day comes when engines of destruction are no longer necessary or usable to settle worldly strife.

I am reminded, Mr. President, of what was said many years ago by a great poet-philosopher whose words constitute a prophecy that we may linger upon today. I quote the words of Lord Alfred Tennyson:

For I dipt into the future, far as human eye could see,

Saw the vision of the world, and all the wonder that would be;

Saw the heavens fill with commerce, argosies of magic sails,

Pilots of the purple twilight, dropping down with costly bales;

Heard the heavens fill with shouting, and there rain'd a ghastly dew

From the nations' airy navies grappling in the central blue;

Far along the world-wide whisper of the south wind rushing warm,

With the standards of the peoples plunging thro' the thunderstorm;

Till the war drum throb'd no longer and the battle flags were fur'd

In the parliament of man, the federation of the world.

SALE OF ALCOHOLIC BEVERAGES AND SUPPRESSION OF VICE IN VICINITY OF MILITARY CAMPS

Mr. O'DANIEL. Mr. President, there is pending on the calendar Senate bill S. 860, which was introduced by my predecessor, the late lamented Senator Morris Sheppard, of Texas. This is a bill to provide for the common defense in relation to the sale of alcoholic liquors to the members of the land and naval forces of the United States and to provide for the suppression of vice in the vicinity of military camps and naval establishments. The citizens of Texas sent me to the United States Senate to represent them and to carry out the work which had been started by Senator Sheppard, who was so loved and esteemed by the people of our State.

It appears to me that, inasmuch as this bill has been on the calendar for so many months, and we have now declared a state of war, it is very desirable that it should receive prompt consideration by this body. Therefore I desire to serve notice that it is my intention to bring the bill to the attention of the Senate for consideration; and I should like to bring it up on the anniversary of the adoption of national prohibition, January 16, the

date on which the late Senator Morris Sheppard always made a speech in the Senate with reference to prohibition. If it be not practicable to bring it up on that date, I should like to bring it up on an earlier date and should like to cooperate with the senior Senator from Colorado [Mr. JOHNSON] and other Senators who are interested in enacting the proposed legislation at this time for the welfare of our country.

INDEX OF PRICE-CONTROL HEARINGS

Mr. BROWN. Mr. President, the price-control bill is on the calendar, and I am having prepared a fairly good factual index of the hearings, which are now available. I ask unanimous consent that the factual index may be printed as part of my remarks, for the benefit of Senators who desire to know how to find the information contained in the Senate hearings.

Mr. McNARY. Mr. President, has the index been prepared?

Mr. BROWN. There is an index in the hearings, but it is merely an index giving the names of the witnesses. I felt that there should be a factual index that would direct the attention of Senators interested to the facts. I am having such an index prepared, and have asked unanimous consent that it be published at this point in the Record for the information of Senators.

Mr. McNARY. I think that is very wise, and will accommodate Senators. Does the index refer to the testimony contained in the House hearings as well as that contained in the Senate hearings?

Mr. BROWN. No; only to the testimony contained in the Senate hearings. The index of the House hearings is fairly good.

Mr. McNARY. Will the index be available tomorrow?

Mr. BROWN. Yes; it will be printed in the Record.

The PRESIDING OFFICER (Mr. ELLENDER in the chair). Is there objection to the request of the Senator from Michigan?

There being no objection, the index was ordered to be printed in the Record as follows:

<i>Index to the hearings before the Senate Committee on Banking and Currency on the Emergency Price Control Act (H. R. 5990), December 9-17, 1941.</i>	Page
Administration.....	141-149,
387-389, 392-393, 413-415, 420, 423, 450,	
482, 498, 540-541, 545-551	
Advertising.....	116, 170, 175-176
Agricultural Adjustment Act.....	116-117, 457
Agricultural commodities.....	64,
125-140, 166, 169-170, 255-275, 307-	
314, 341-356, 358-369, 373-378, 395-	
399, 420-421, 429-454, 457-466, 493, 496,	
508-524, 544-545, 554-559	
Alabama Farm Bureau Federation.....	449-450
American Farm Bureau Federation.....	429-449
Anderson, Dr. Benjamin M., professor	
of economics, University of California.....	466-492
Appeals.....	145, 147-
	149, 248-255
Armament program, increased cost of,	
due to price rises.....	15-16, 57-58, 60-61
Baruch, Bernard: Summary of testi-	
mony.....	170-174

Bland, Schuyler Otis, Representative from Virginia.....	Page 399-407
Board.....	141-149,
346, 371-372, 387-389, 392-393, 413-415	
Brenckman, Fred, Washington representative, National Grange.....	342-347
British Goods and Services Act.....	122
Brody, C. L., executive secretary, Michigan State Farm Bureau.....	450-451
Brookhart, Smith W., Little Businessmen's League of America.....	255-275
Brown amendment.....	126-132,
	169-170, 374-378, 444
Brown, Russell B., general counsel, Independent Petroleum Association of America.....	493-505
Business practices.....	428
Buying and selling powers.....	106-116,
157-160, 239-248, 384-386, 424-426,	
494-495, 543.	
Chamber of commerce referendum on price-control legislation.....	277-285
Civilian supply and demand.....	28, 59
Commodity controls.....	62-65
Congress of Industrial Organizations position on price-control legislation.....	285-303
Constitutional validity.....	155-
157, 174-175, 218-239, 455-456	
Contracts and price ceilings.....	155-156
Cost of living.....	18, 36, 37, 47, 446
Dallas, C. Donald, president, Revere Copper & Brass Co.....	328-342
Defense spending.....	15-16, 56-61, 295, 380-384
Emergency Court of Appeals.....	147-
	149, 177-179, 248-255
Emergency Price Control Act (H. R. 5990).....	1-7
With certain proposed amendments (committee print).....	72-105
Senator Taft's amendment.....	7-12
Enforced saving.....	14-15
Enforcement provisions.....	181-200, 339, 545-551
Farm Bureau Federation:	
American.....	429-449
Alabama.....	449-450
Farm prices.....	21, 65, 362, 554
Fishery industry.....	116-117, 399-407
Food and Fuel Act.....	154
Foodstuffs, prices of.....	29-33
General versus selective control.....	170-
	174, 314-327, 379-380, 541
Georgia Farm Bureau.....	451-453
Ginsburg, David, general counsel, Office of Price Administration.....	68-
	71, 112-123, 144-158, 174-180, 550
GORE, ALBERT A., Representative from Tennessee.....	314-327
Gore bill.....	314-327
Green, Perry L., representing the Ohio Farm Bureau.....	454
Henderson, Leon, Administrator, Office of Price Administration.....	15-47, 51-181
Hetzel, Ralph, director, economic division, Congress of Industrial Organizations.....	285-289
Holding Company Act.....	158
Holman, Charles, secretary, National Cooperative Milk Producers' Federation.....	348-369
Hoover, Herbert, Palo Alto, Calif.....	409-427
Hughes, Charles E., address on fighting powers of United States Constitution.....	231-239
Imported commodities.....	114-116, 159
Independent Petroleum Association of America.....	493-505
Inflation.....	26, 35, 62
Inflationary gap.....	28, 32
Investigatory powers.....	192-194
Johnston, Clem D., vice president, Chamber of Commerce of the United States.....	277-285
Jones, Rowland, Jr., Washington representative, National Association of Retail Druggists.....	427-428
Judicial review.....	145,
	147-149, 177-179, 248-255

Lever Act.....	Page 151, 153-155, 174-175
Licensing.....	149-154,
178, 181-200, 339, 393-394, 415-418, 543,	
546-551	
Linder, Tom, commissioner of agriculture, Georgia.....	307-314
Livestock.....	508-524
Maryland Farm Bureau.....	493
Mattel, Albert C., president, Honolulu Oil Corporation, San Francisco.....	369-373
Michigan State Farm Bureau.....	450-451
Milk Producers Federation, National Cooperative.....	348-369
Moore, Ralph W., member, executive committee, Texas State Grange.....	395-399
National Association of Manufacturers: Position on price-control legislation.....	328-342
National Association of Retail Druggists.....	427-429
National Association of Retail Grocers.....	533
National Automobile Dealers Association.....	551-552
National Cooperative Milk Producers Federation: Position on price-control legislation.....	348-369
National Grange: Position on price-control legislation.....	342-348
National Industrial Recovery Act.....	372
Natural-resources industries.....	369-373
Nystrom, Paul H., professor of marketing, Columbia University.....	537-551
Ohio Farm Bureau.....	454
O'Neal, Edward A., president, American Farm Bureau Federation.....	429-449
Over-all price control.....	170-174,
	314-327, 379-380, 541
Parity provisions.....	125-140
169-170, 255-275, 307-314, 342-356,	
358-369, 373-378, 395-399, 420-421,	
449-454, 457-466, 496, 510-524, 544-	
545, 554, 559.	
PATMAN, WRIGHT, Representative from Texas.....	373-377
Petroleum.....	493-505
Philippines: Price control in.....	559-560
Price-control bill (H. R. 5990).....	1-7
With certain proposed amendments (committee print).....	71-105
Senator Taft's amendment.....	7-12
Price-control legislation:	
Effectiveness of.....	19
Need for.....	210-218, 524-535
Price fixing: Constitutional validity.....	155,
	156-157, 174-175, 218-239, 455-456
Price schedules:	
In effect.....	156
Standards for.....	117-121, 157-158
Statement of considerations.....	147, 177-178
Prices:	
Corn.....	466
Cotton.....	465
Cottonseed, soybeans, and peanut oil, daily.....	453
Wheat.....	466
Production and employment.....	296
Production and prices.....	44, 46
Production, increase in, and wages.....	66-68
Profits, increase in.....	65
Purchasing power, consumers.....	351
Railroad workers' wages.....	167-169
Randolph, Walter L., president, Alabama Farm Bureau Federation.....	449-450
Real wages.....	38, 39, 42
Reconstruction Finance Corporation Act.....	112-113
Referendum of United States Chamber of Commerce on price-control legislation.....	277-285
Rents, control of.....	48-50, 68-71, 552-553
Retail prices lag behind wholesale prices.....	29-30
Rice, Edwin L., Washington, D. C.....	303-304
Selective versus general control.....	170-174,
	314-327, 379-380, 541
Service establishments.....	121-123
Sheets, E. W., secretary, United States Livestock Association.....	506-507

Sherman Antitrust Act.....	Page 371
Small business.....	255-268
Southern States Industrial Council.....	534-535
Standards:	
For price ceilings.....	117-121, 147, 157-158, 177-178
For review.....	148
Surplus Commodities Act.....	159
Taxation.....	56-57, 333-334, 382-383, 483
Temporary freeze order.....	117-118, 145-146
Termination of Price Control Act.....	423, 468, 542
Territories, applicability of act to.....	160
Texas State Grange.....	395-399
THOMAS, ELMER, United States Senator from Oklahoma.....	454-466
Triple damage provision.....	141
Turner, P. C., president, Maryland Farm Bureau.....	493
United States Live Stock Association.....	506-524
Victory program, increased cost of, due to price rises.....	15-16, 57-58, 60, 61
Violations.....	141
Voluntary agreements.....	411-413, 423
Wage control.....	160-170, 286-289, 301-302, 335-338, 417, 422, 432-439.
Wages:	
Hourly, real.....	67
Increase in.....	61, 65
Walter-Logan Act.....	149
Wholesale prices, 1800-1941.....	16
Wholesale prices:	
Building materials.....	20
Chemicals and allied products.....	20
Cotton.....	24

Wholesale prices—Continued.	Page
Crude oil.....	505
Farm products.....	20
Food.....	20
Metals.....	20
Raw materials.....	504
Southern pine.....	27
Textiles.....	20
Wool.....	25
Zinc.....	22
Wingate, H. L., Georgia Farm Bureau.....	451-453
Wisconsin State Conference on Social Legislation.....	533-534
Withholding tax.....	14

Mr. BROWN. Mr. President, I desire to ask the majority leader whether he wants us to go to work tomorrow or Wednesday on the price-control bill.

Mr. BARKLEY. I think Wednesday would be better.

Mr. BROWN. Wednesday would suit me much better.

Mr. BARKLEY. We have some other things to do tomorrow that will more or less divert our attention from the routine work of the Senate.

Mr. BROWN. I hope we can get out of the way speeches that do not directly bear on the bill, so that we can take up the price-control bill on Wednesday.

Mr. McNARY. I am very happy to hear the able Senator from Kentucky say that probably we shall not start the debate on the price-control bill until

Wednesday. Let me suggest that we might take up the calendar tomorrow. There are a number of bills on the calendar.

Mr. BARKLEY. I shall be glad to talk to the Senator about that.

Mr. McNARY. Very well.

ADJOURNMENT

Mr. BARKLEY. I was about to say that the committee appointed by the Chair to notify the President of the organization of the second session of the Seventy-seventh Congress has not been able to perform its duty because we have received no message from the House that a similar committee has been appointed there. I see no occasion to wait for them. The committee may make its report tomorrow as well as today.

I wish to advise the Senate informally that there will be a joint session of the two Houses tomorrow in the Chamber of the House of Representatives at 12:30 p. m., at which time the President will deliver his annual message.

So far as I know, Mr. President, the Senate has concluded its business for today. I move that the Senate adjourn.

The motion was agreed to; and (at 1 o'clock p. m.) the Senate adjourned until tomorrow, Tuesday, January 6, 1942, at 12 o'clock meridian.

House of Representatives

MONDAY, JANUARY 5, 1942

This being the day fixed by the twentieth amendment of the Constitution for the annual meeting of the Congress of the United States, the Members of the House of Representatives of the Seventy-seventh Congress met in their Hall and at 12 o'clock noon were called to order by the Speaker, Hon. SAM RAYBURN, a Representative from the State of Texas.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Spirit of God, on us descend and teach us to feel that Thou art always nigh. Draw us into a sacred nearness with Thy heart of love, leading us to nourish every blessed purpose and enabling us to trust our bounteous Lord's protection. By the rectitude of our behavior and with eager-hearted service, grant that we may prove ourselves worthy of the trust of our fellow men. Hold us to the realization that no nobler task can be found than that all partisan zeal be turned into unity and cooperation for the good of public and private life; grant that these, Thy servants, may safeguard and advance the rights of all. Oh, pour the blended spirits of city, village, and country into the chalice of our national life that it may ever bear the fruitage of unselfish devotion.

Breathe upon our President, our Speaker, and the Congress, as we approach the open door of this session, Thy merciful care and guidance. We pray that all weary hearts and overwrought nerves may be hushed into rest and that we may act as men who believe in God and in the ultimate triumph of the right. We ask it all in the name of Jesus, our Saviour. Amen.

CALL OF THE ROLL

The SPEAKER. The Clerk will call the roll to determine whether a quorum is present.

The Clerk called the roll, and the following Members answered to their names:

[Roll No. 1]

Allen, Ill.	Blackney	Byrne
Allen, La.	Bland	Byron
Anderson, Calif.	Bloom	Camp
Anderson,	Boehne	Canfield
N. Mex.	Boggs	Cannon, Fla.
Andresen,	Boland	Cannon, Mo.
August H.	Bolton	Capozzoli
Andrews	Bonner	Carlson
Angell	Boren	Carter
Arends	Boykin	Casey, Mass.
Baldwin	Bradley, Mich.	Celler
Barden	Bradley, Pa.	Chapman
Barnes	Brown, Ga.	Clason
Barry	Brown, Ohio	Claypool
Bates, Ky.	Bryson	Clevenger
Beam	Buck	Cluett
Beckworth	Buckley, N. Y.	Cochran
Beiter	Bulwinkle	Coffee, Nebr.
Bell	Burch	Coffee, Wash.
Bender	Burdick	Cole, Md.
Bennett	Burgin	Cole, N. Y.
Bishop	Butler	Colmer

Cooley	Houston	Patman
Cooper	Hull	Patrick
Copeland	Hunter	Patton
Costello	Imhoff	Peterson, Fla.
Courtney	Izac	Peterson, Ga.
Cox	Jackson	Pfeifer,
Cravens	Jarman	Joseph L.
Crosser	Jarrett	Pheiffer,
Crowther	Jenkins, Ohio	William T.
Cullen	Jenks, N. H.	Pierce
Cunningham	Jennings	Pittenger
Curtis	Jensen	Plauché
D'Alesandro	Johns	Ploeser
Davis, Ohio	Johnson, Calif.	Plumley
Davis, Tenn.	Johnson, Ill.	Poage
Day	Johnson, Ind.	Powers
Delaney	Johnson,	Prlest
Dewey	Luther A.	Rabaut
Dickstein	Johnson, Okla.	Ramsay
Dies	Johnson, W. Va.	Ramspeck
Dingell	Jones	Randolph
Dirksen	Jonkman	Rankin, Mont.
Disney	Kean	Reece, Tenn.
Ditter	Kee	Reed, N. Y.
Doughton	Keefe	Rees, Kans.
Douglas	Kefauver	Rich
Downs	Kelley, Pa.	Richards
Duncan	Kelly, Ill.	Rizley
Durham	Kennedy,	Robertson,
Dworschak	N. Dak.	Robertson, Va.
Eaton	Martin J.	Robinson, Utah
Eberharter	Kennedy,	Robson, Ky.
Edmiston	Michael J.	Rockefeller
Elliott, Mass.	Keogh	Rodgers, Pa.
Engel	Kilburn	Rogers, Mass.
Englebright	Kilday	Rogers, Okla.
Faddis	Kinzer	Rolph
Fellows	Kirwan	Romjue
Fenton	Kleberg	Russell
Fitzgerald	Klein	Sabath
Fitzpatrick	Knutson	Sanders
Flannagan	Kocalkowski	Sasser
Fogarty	Kopplemann	Sauthoff
Folger	Kramer	Scanlon
Forand	Kunkel	Schuetz
Ford,	Lambertson	Schulte
Leland M.	Lanham	Scott
Ford, Miss.	Lea	Scruggam
Ford,	Leavy	Secrest
Thomas F	LeCompte	Shanley
Fulmer	Lesinski	Sheppard
Gathings	Lewis	Sheridan
Gavagan	Ludlow	Short
Gearhart	Lynch	Sikes
Gehrmann	McCormack	Simpson
Gerlach	McGranery	Smith, Maine
Gibson	McGregor	Smith, Va.
Gifford	McKeough	Smith, Wash.
Gillette	McLaughlin	Smith, W. Va.
Gillie	McLean	Smith, Wis.
Gossett	McMillan	Snyder
Graham	Maciejewski	Somers, N. Y.
Grant, Ind.	Maciora	South
Green	Mahon	Sparkman
Gregory	Manasco	Spence
Guy	Marcantonio	Springer
Gwynne	Martin, Iowa	Starnes, Ala.
Haines	Martin, Mass.	Steagall
Hall,	Mason	Stearns, N. H.
Edwin Arthur	May	Stefan
Merritt	Meyer, Md.	Stratton
Hall,	Michener	Sullivan
Leonard W.	Mills, Ark.	Sumner, Ill.
Halleck	Mills, La.	Sumners, Tex.
Hancock	Mitchell	Sutphin
Hate	Mott	Sweeney
Harness	Mundt	Talle
Harris, Ark.	Murdock	Tarver
Harris, Va.	Myers, Pa.	Tenerowicz
Hart	Nelson	Thill
Harter	Nichols	Thom
Hartley	Norrell	Thomas, Tex.
Heffernan	O'Brien, Mich.	Thomason
Hendricks	O'Brien, N. Y.	Tibbott
Hill, Wash.	O'Connor	Tinkham
Hinshaw	O'Leary	Tolan
Hobbs	Oliver	Traynor
Hoffman	O'Neal	Vincent, Ky.
Holmes	O'Toole	Vinson, Ga.
Hook	Paddock	
Hope		

Voorhis, Calif.	Wheat	Wolcott
Vorys, Ohio	Whelchel	Wolfenden, Pa.
Vreeland	White	Wolverton, N. J.
Wadsworth	Whitten	Woodruff, Mich.
Walter	Whittington	Woodrum, Va.
Ward	Wickersham	Worley
Wasielewski	Wigglesworth	Young
Weiss	Williams	Youngdahl
Welch	Wilson	Zimmerman

The SPEAKER. Three hundred and forty-seven Members are present, a quorum.

REPRESENTATIVE-ELECT

The SPEAKER laid before the House the following communication from the Clerk of the House:

JANUARY 5, 1942.

The Honorable the SPEAKER,
House of Representatives.

SIR: The certificate of election in due form of law of Hon. ROBERT F. ROCKWELL as a Representative-elect to the Seventy-seventh Congress, from the Fourth Congressional District of Colorado, to fill the vacancy caused by the death of Hon. Edward T. Taylor, is on file in this office.

Very truly yours,
SOUTH TRIMBLE,
Clerk of the House of Representatives.

SWEARING IN OF A MEMBER

Mr. ROBERT F. ROCKWELL appeared at the Bar of the House and took the oath of office.

ORDER OF BUSINESS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that today and tomorrow it may be in order at any time for the Speaker to declare that the House stand in recess, subject to the call of the Chair.

The SPEAKER. Is there objection?
There was no objection.

COMMITTEE TO NOTIFY THE PRESIDENT OF THE UNITED STATES

Mr. McCORMACK. Mr. Speaker, I offer the following resolution (H. Res. 398), which I send to the desk and ask its immediate consideration.

The Clerk read as follows:

Resolved, That a committee of three members be appointed by the Speaker on the part of the House of Representatives, to join with a committee on the part of the Senate, to notify the President of the United States that a quorum of each House has assembled, and Congress is ready to receive any communication that he may be pleased to make.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

The Chair appointed Mr. McCORMACK, Mr. DOUGHTON, and Mr. MARTIN of Massachusetts to notify the President.

NOTIFICATION TO THE SENATE

Mr. DOUGHTON. Mr. Speaker, I offer the following resolution (H. Res. 399), which I send to the desk and ask its adoption.



IN THE SENATE OF THE UNITED STATES

JANUARY 5, 1942

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. BANKHEAD to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes, viz: On page 30, after line 13, add the following new subsection (f) :

- 1 (f) Notwithstanding any other provision of law, no
- 2 action shall be taken by the Administrator or any other
- 3 person with respect to any agricultural commodity or com-
- 4 modity processed or manufactured in whole or substantial
- 5 part from any agricultural commodity, without the prior
- 6 approval of the Secretary of Agriculture.

AMENDMENT

Intended to be proposed by Mr. BANKHEAD to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

JANUARY 5, 1942

Ordered to lie on the table and to be printed.

77TH CONGRESS
2^D SESSION

H. R. 5990

IN THE SENATE OF THE UNITED STATES

JANUARY 5, 1942

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. TART to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes, viz:

1 On page 35, beginning with line 22, strike out through
2 line 9 on page 37 and insert in lieu thereof the following:

3 “SEC. 203. (a) No regulation or order shall be issued by
4 the Board under section 2 of this Act except after a public
5 hearing at which any interested person may appear and
6 present evidence and argument; except that without such
7 hearing the Board may, without regard to the provisions of
8 section 2 (a) of this Act, issue temporary regulations or
9 orders establishing as a maximum price or maximum prices

1 the price or prices prevailing with respect to any commodity
2 or commodities on the date of issuance of such temporary
3 regulations or orders; but any such temporary regulation or
4 order shall be effective for not more than sixty days.

5 “(b) Whenever the Board proposes to issue a permanent
6 regulation or order under section 2 of this Act, it shall fix a
7 day for a public hearing, which may be held before any
8 division or any member of the Board. At least ten days
9 prior to the date of such hearing the Board shall publish in
10 the Federal Register a notice of such hearing. Such notice
11 shall state the action which the Board proposes to take, and
12 the terms of any temporary regulation or order previously
13 issued, together with a concise statement of the facts upon
14 which the proposal is based and the reasons therefor. A
15 reasonable opportunity shall be given to persons desiring to
16 be heard to present evidence and oral argument, or if the
17 subject, in the opinion of the Board, already has been cov-
18 ered by evidence and argument, statements in writing. A
19 complete record of the proceedings shall be kept, and no
20 permanent regulation or order shall be issued until five days
21 after the close of the hearing. Every such regulation or
22 order of the Board shall be accompanied by a statement of
23 the facts and reasons upon which it is based. No such regula-
24 tion or order issued by the Board shall be retroactive, nor
25 shall it modify the terms of any temporary regulation or

1 order between the time such temporary regulation or order
2 is issued and the date when the permanent regulation or
3 order becomes effective. No person shall have any right to
4 a rehearing before the Board after a permanent regulation
5 or order has been issued, but the Board shall have power to
6 order a rehearing in its own discretion. If any modification
7 of any such permanent regulation or order is made by the
8 Board, such modification shall not be retroactive.”

9 On page 37, beginning with line 11, strike out through
10 the period in line 17, and insert in lieu thereof the following:

11 “SEC. 204. (a) Within a period of thirty days after
12 the issuance of any regulation or order under section 2 of
13 this Act any person subject to any provision of such regula-
14 tion or order who appeared at the hearing provided for in
15 section 203 (a) may file a complaint with the Emergency
16 Court of Appeals, created pursuant to subsection (c), specify-
17 ing his objections and praying that the regulation or order
18 complained of be enjoined or set aside in whole or in part.”

19 On page 37, line 20, strike out the word “protest” and
20 insert in lieu thereof the words “issuance of the regulation
21 or order”.

22 On page 38, line 5, strike out the word “protest” and
23 insert in lieu thereof the word “complaint”.

AMENDMENT

Intended to be proposed by Mr. Lucas to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

JANUARY 8 (legislative day, JANUARY 6), 1942

(Ord. read to lie on the table and to be printed)

1 by law. Each member of the Board shall devote his entire
2 time to the duties thereof and shall receive a salary at the
3 rate of \$10,000 a year. Three members of the Board shall
4 constitute a quorum. The President shall designate one
5 member as Chairman and Price Administrator (referred to
6 in this Act as the "Administrator"). The President in his
7 discretion may appoint as one or more members of said
8 Board any Assistant Secretary of the Treasury, any Assist-
9 ant Secretary of Agriculture, any Assistant Secretary of
10 Commerce, and any Assistant Secretary of Labor, and if
11 directed by the President, any such appointee may retain
12 his office without salary or obligation while serving as a
13 member of the Board, and shall automatically resume the
14 duties and salary of said office on the termination of his
15 duties as a member of the Board. The President may also
16 appoint as unofficial members of said Board any officers of
17 the United States Army or the United States Navy and any
18 other Government official or officials. Such appointees shall
19 be entitled to sit with the Board at all meetings and hearings,
20 but shall have no vote, and shall receive no salary other
21 than that they are already receiving when appointed.

22 Make such other appropriate changes in the bill where
23 the word "Administrator" appears as are made necessary by
24 the creation of a "Board".

AMENDMENT

Intended to be proposed by Mr. TART to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

January 5, 1942

Ordered to lie on the table and to be printed

Jan 6

Mr. BARKLEY. Mr. President, will the Senator withhold his objection for a moment?

Mr. TAFT. I withdraw my objection for the time.

Mr. BARKLEY. I may say to the Senator from Ohio that it seems to me to be impracticable for Congress to attempt to fix the time. We could not pass a resolution every time it might be necessary to change the time in any zone. It may not be necessary to change the time in all the zones all over the United States. The Senator from California [Mr. Downey] a few days ago called attention to the fact that especially on the Pacific coast, and in that region generally, there was probably greater need for advancing the time than in any other section of the country; and there may be from time to time, occasions when the time ought to be advanced or retarded in a particular section of the country, due to peculiar conditions that may exist there, without affecting the whole country.

It seems to me Congress cannot wisely attempt to indulge in fluctuations as to the time in various parts of the country. We cannot fix the time rigidly now by an act, and it seems to me we cannot apply it to the whole country. We do not know whether it would be necessary to change it for 1 hour or for 2 hours.

It seems to me that the suggestion of the Senator from Ohio creates an impracticable situation, in which Congress would either have to fix the time rigidly at once for the whole country, or it would have to pass some sort of bill every month or two, perhaps. I do not know what the

situation might be in different zones that would require congressional action which in turn would require repeal later on, or automatic termination of the time fixed by Congress.

It seems to me the Senator's suggestion is impracticable.

Mr. TAFT. I do not think my suggestion is at all impracticable. We have fixed practically by law today standard time zones, and the Interstate Commerce Commission from time to time somewhat varies those time zones. I do not see why Congress is not just as competent to decide these questions as the President is. He will refer the matter to some commission. Frankly I do not think the time ought to be changed every day, or every time someone comes in and wants to change it, or has a new idea regarding it.

Mr. BARKLEY. Of course not. Nobody expects that except the Senator from Ohio; but Congress established zones and authorized the Interstate Commerce Commission to vary them and to change them from time to time, which they have done. We might as well say that Congress ought to fix rigid lines between zones.

I recall that in Chicago recently the question was considered of a change from central time to eastern standard time. Provision was made, as I recall, for a vote of some kind in Chicago; and the voters of Chicago decided to stay where they were, in central time, except during the summer months, when they had daylight-saving time, as did other large cities.

Mr. TAFT. I object to the present consideration of the bill.

The PRESIDING OFFICER (Mr. Hill in the chair). The Senator from Ohio objects to the consideration of the bill, and it will be passed over. The call of the calendar has been concluded.

PRICE CONTROL

Mr. BROWN. Mr. President, I move that the Senate proceed to the consideration of House bill 5990, to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes, with a view to making it the unfinished business, with the understanding that the bill will not be taken up until tomorrow.

The PRESIDING OFFICER. The question is on the motion of the Senator from Michigan.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes, which had been reported from the Committee on Banking and Currency with an amendment.

RECESS

Mr. BARKLEY. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 2 o'clock and 23 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, January 7, 1942, at 12 o'clock meridian.

77TH CONGRESS
2D SESSION

H. R. 5990

IN THE SENATE OF THE UNITED STATES

JANUARY 6, 1942

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. McCARRAN to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes, viz:

- 1 On page 29, line 11, of the committee amendment, strike
- 2 out "October 1, 1941" and insert in lieu thereof "January 1,
- 3 1941".

AMENDMENT

Intended to be proposed by Mr. McCARRAN to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

JANUARY 6, 1942

Ordered to lie on the table and to be printed

77TH CONGRESS
2D SESSION

H. R. 5990

IN THE SENATE OF THE UNITED STATES

JANUARY 6, 1942

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. O'MAHONEY to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes, viz: On page 29, after line 4, strike all of section 3, relating to "Agricultural Commodities", and insert in lieu thereof the following section 3:

1 SEC. 3. (a) No maximum price shall be established or
2 maintained for any agricultural commodity below the then
3 current parity price or comparable price for such commodity,
4 adjusted for grade, location and seasonal differentials, as deter-
5 mined and published by the Secretary of Agriculture in the
6 manner hereinafter provided in subsection (b) .

7 (b) For the purposes of this Act, parity prices shall be

1 determined by the Secretary of Agriculture by constructing
2 a combined index in which the purchasing power index now
3 used by the Secretary to compute parity prices shall be given
4 a weight of 80 and a factor representing an index of urban
5 wage rates, as determined by the formula in use January
6 1, 1941, in the index of wage rates published in "The Monthly
7 Review of Credit and Business Conditions" by the Federal
8 Reserve Bank of New York, shall be given a weight of 20.
9 In applying this combined index the Secretary shall take
10 such steps as in his judgment may be necessary to establish
11 and maintain equitable price relationships as among all agri-
12 cultural commodities.

13 (c) Any maximum price established upon the resale
14 price of any agricultural commodity, or any grade, regional
15 or market classification thereof, or upon the price of any
16 commodity processed or manufactured in whole or substantial
17 part from any agricultural commodity shall not be below a
18 price which will reflect to the producer of such agricultural
19 commodity the parity or comparable price therefor as deter-
20 mined pursuant to this section.

21 (d) Neither the provisions of section 5 nor any other
22 provision of this Act shall be construed to authorize any
23 action contrary to the provisions and purposes of this section:
24 *Provided*, That nothing contained in this Act shall be con-
25 strued to modify, repeal, supersede, or affect the provisions

1 of the Act of Congress cited as the Agricultural Marketing
2 Agreement Act of 1937, as amended, or to invalidate any
3 marketing agreement, license, or order, or any provisions
4 thereof, or amendments thereto, which may be in existence
5 or hereafter issued under the provisions of said Act.

AMENDMENT

Intended to be proposed by Mr. O'MAHONEY to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

JANUARY 6, 1942

Ordered to lie on the table and to be printed

serving tires will reduce service income. A ceiling on price which would make it impossible to realize a legitimate profit on used cars would be very hard on us. Will be very difficult to stay in business with present outlook. More restrictions may force us to close, throwing our 27 employees out of work.

McMILLIAN MOTOR CO.

WICHITA, KANS., January 5, 1942.

Senator ARTHUR CAPPER:

Necessity of freezing new cars and trucks appreciated. Rationing of cars will prolong sales, increasing expenses. Scarcity of rubber will reduce service-department income. These facts justify new-car ceilings, if any, at present, or recent retail prices and very liberal used-car ceilings, if any. Also important and fair that any units purchased or requisitioned by Government be bought at ceiling prices, with no discounts, and all distribution through dealers. We urge your support.

LEE J. HOBBS CHEVROLET CO.

WICHITA, KANS., January 5, 1942.

Senator ARTHUR CAPPER,

Washington, D. C.:

As retail automobile dealer, wish to help national-defense program every way possible, and know that freezing order on new cars a defense necessity. However, feel that price ceilings on used and new cars should be very liberal, especially used cars. Also feel that under terrific sacrifices that retail dealers' organizations are making that anything we have left to sell, new or used, should be sold at full retail price, even if bought back from us by Government. No single retail business is as hard hit as ours. Your efforts in our behalf will be greatly appreciated.

J. ARCH BUTTS,
Oldsmobile, Cadillac.
JOHN H. BUTTS,
Buick.

RESOLUTION OF TORRINGTON (CONN.) BRASS WORKERS UNION—SUPPORT IN THE WAR

Mr. MALONEY. Mr. President, I offer for the attention of the Senate and appropriate reference a letter signed by John Cartenuti, president, and William P. Lanko, secretary, the Torrington Brass Workers Union, Torrington, Conn., together with a resolution adopted by the members of that organization pledging their wholehearted and unconditional cooperation for the successful termination of the present conflict.

The VICE PRESIDENT. Without objection, the letter and resolution will be received and referred to the Committee on Military Affairs.

RESOLUTION OF TOWN COUNCIL OF EAST HARTFORD, CONN.—SUPPORT IN THE WAR

Mr. MALONEY. Mr. President, I also offer for the attention of the Senate and appropriate reference a letter from Hon. Paul E. Britt, council president, East Hartford, Conn., containing a resolution adopted by the Town Council of East Hartford, Conn., in which the officials of that community pledge the town's full support to the President and the Government of the United States in the great war effort.

The VICE PRESIDENT. Without objection, the letter embodying a resolution will be received and referred to the Committee on Military Affairs.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. DOWNEY, from the Committee on Military Affairs:

S. 2152. A bill to provide for the planting of 45,000 acres of guayule in order to make available a domestic source of crude rubber for emergency and defense uses; with amendments (Rept. No. 935).

By Mr. McCARRAN, from the Committee on the District of Columbia:

H. R. 5591. A bill to amend the District of Columbia Revenue Act of 1939, and for other purposes; with amendments (Rept. No. 936).

By Mr. WHEELER:

From the Committee on Indian Affairs:

S. 1869. A bill for the relief of certain claimants against the United States who suffered property losses as a result of the failure of the Big Porcupine Dam on the Fort Peck project, Montana; with an amendment (Rept. No. 937).

From the Committee on Interstate Commerce:

H. R. 6263. A bill to amend section 606 of the Communications Act of 1934 for the purpose of granting to the President, in time of war or threatened war, certain powers with respect to communications by wire; without amendment (Rept. No. 945).

By Mr. WALSH, from the Committee on Navy Affairs; without amendment:

S. 2089. A bill to authorize the transfer of the custody of a portion of the Croatan National Forest, N. C., from the Department of Agriculture to the Department of the Navy (Rept. No. 938);

S. 2095. A bill to further amend the act approved June 23, 1938 (52 Stat. 944), as amended (Rept. No. 939);

S. 2097. A bill to authorize the Secretary of the Navy to grant to the board of trustees, school district No. 20, Charleston County, S. C., a parcel of land situated in the city of Charleston, S. C. (Rept. No. 940);

S. 2139. A bill to provide for performance of the duties of chiefs of bureau and the Judge Advocate General in the Navy Department, and the Major General Commandant of the Marine Corps, and for other purposes (Rept. No. 941);

S. 2153. A bill authorizing appropriations for the United States Navy, additional shipbuilding and ship repair facilities, and for other purposes (Rept. No. 942);

S. 2169. A bill to create the Limited Service Marine Corps Reserve, and for other purposes (Rept. No. 943); and

H. R. 5135. A bill to appoint Capt. Porter M. Hoidale, United States Marine Corps, a lieutenant, senior grade, in the United States Navy Medical Corps (Rept. No. 944).

By Mr. GEORGE, from the Committee on Foreign Relations:

S. J. Res. 96. Joint resolution to enable the United States to become an adhering member of the Inter-American Statistical Institute, with an amendment (Rept. No. 946).

By Mr. CONNALLY, from the Committee on Foreign Relations:

S. J. Res. 124. Joint resolution to maintain the secrecy of military information, without amendment (Rept. No. 947).

INVESTIGATION OF RAILROADS, HOLDING COMPANIES, AND AFFILIATED COM- PANIES

Mr. WHEELER (for himself and Mr. TRUMAN), from the Committee on Interstate Commerce, submitted additional reports, pursuant to Senate Resolution 71, Seventy-fourth Congress, authorizing an investigation of interstate railroads and affiliates with respect to financing, reorganizations, mergers, and certain other matters, embracing a study in holding-

company financing and the Van Sweringen corporate system, which were ordered to be printed as parts 3 and 4 of Report No. 714.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BROWN:

S. 2175. A bill for the relief of Bibiano L. Meer; to the Committee on Claims.

By Mr. DAVIS:

S. 2176. A bill for the relief of the heirs of John J. Shields; to the Committee on Claims.

By Mr. HOLMAN:

S. 2177. A bill to consolidate the function of furnishing legal advice to Government agencies in the Department of Justice; to the Committee on the Judiciary.

By Mr. ROSIER:

S. 2178. A bill relating to the compensation of Clarence W. Thompson for services as a rural mail carrier; and

S. 2179. A bill to amend the act of June 25, 1934, with respect to the salary of certain rural mail carriers who have left the service and subsequently been reinstated; to the Committee on Post Offices and Post Roads.

By Mr. REYNOLDS:

S. 2180. A bill to provide for the continuation of Government life insurance of aviation cadets subsequent to their being commissioned and for the continuation of such insurance of enlisted pilots, and for other purposes; to the Committee on Finance.

By Mr. THOMAS of Oklahoma:

S. 2181. A bill authorizing the President to appoint and retire Pierre Numa Charbonnet as a captain; to the Committee on Military Affairs.

DECENTRALIZATION OF GOVERNMENT AGENCIES—OFFICE OF INDIAN AFFAIRS

Mr. LEE. Mr. President, I ask consent to introduce at this time the joint resolution to which I referred the first day of the session, which calls for moving the Indian Office to the State of Oklahoma, where reside almost one-third of the Indian population of the United States. I ask that the joint resolution be referred to the Committee on Indian Affairs.

The VICE PRESIDENT. Without objection, the joint resolution will be received and referred as requested by the Senator from Oklahoma.

The joint resolution (S. J. Res. 127) to provide that the Office of Indian Affairs shall be moved to the State of Oklahoma, in the event it is moved from Washington, was read twice by its title and referred to the Committee on Indian Affairs.

CIVIL SERVICE RETIREMENT—AMEND- MENTS

Mr. GEORGE submitted several amendments intended to be proposed by him to the bill (H. R. 3487) to amend further the Civil Service Retirement Act, approved May 29, 1930, as amended, which were ordered to lie on the table and to be printed.

AMENDMENTS TO PRICE-CONTROL BILL

Mr. LA FOLLETTE and Mr. THOMAS of Oklahoma each submitted an amendment and Mr. OVERTON submitted two amendments intended to be proposed by them, respectively, to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and

inflationary tendencies, and for other purposes, which were severally ordered to lie on the table and to be printed.

COMMITTEE SERVICE

On motion of Mr. McNARY, and by unanimous consent, it was

Ordered, That the Senator from Colorado [Mr. MILLIKIN] be assigned to service on the Committees on Indian Affairs, Irrigation and Reclamation, Manufactures, and Post Offices and Post Roads.

ADDRESS BY GENERAL HERSHEY ON SELECTIVE SERVICE IN TOTAL WAR

[Mr. LEE asked and obtained leave to have printed in the Record a radio address on the subject Selective Service in Total War delivered by Brig. Gen. Lewis B. Hershey, Director of the Selective Service System, on January 5, 1942, which appears in the Appendix.]

ADDRESS BY FORMER SENATOR NEELY ON BALLOTS AND BAYONETS

[Mr. GUFFEY asked and obtained leave to have printed in the Record an address delivered in the House of Representatives on September 23, 1918, by former Senator M. M. Neely on the subject Ballots and Bayonets, which appears in the Appendix.]

PRICE CONTROL

The Senate resumed the consideration of the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

Mr. BROWN. Mr. President, I shall undertake to outline, first, the underlying conditions requiring the enactment of a price-control bill. Secondly, I shall tell in a general way what the bill now pending will do to correct or alleviate the conditions, and then I shall give a statement of the contents of the various sections in the bill.

I shall be happy to yield at any time, but I think we could make greater progress if I made my general statement about underlying conditions, which should not take more than 15 minutes, and stated the general purposes of the bill, without interruption. Then, when we come to the section-by-section analysis of the bill, I shall be very glad to yield. However, if any Senator feels that he wants to ask a question during my preliminary statement, I shall be glad to endeavor to answer.

Price control is necessary, in the condition we face today, because the law of supply and demand does not operate to maintain a fair equilibrium of prices. The law of supply and demand breaks down because of the enormous demand for war materials and the enormous sums we must spend to get them. Of course, the term "war materials" covers almost every commodity of which we can think. It covers oil, iron, and steel; in fact, all the various metals and a multitude of other commodities. It also includes practically all food products.

Because of the present enormous demand for commodities of all kinds, we have a situation in which the supply is insufficient to satisfy the ordinary civilian demand. We try to curtail civilian demand by various methods. One of the methods we hear so much about today is the purchase of so-called baby bonds. By taking the savings of the

people for that purpose, we immobilize purchasing power until after the war period. These bonds run for 10 years. This method is effective, therefore, because it reduces the purchasing power of wage earners, of salaried people, and of all others who purchase the bonds.

Moreover, it postpones that purchasing power to the post-war period, when it will be necessary to stimulate the demand for goods. For at that time we may be confronted with a great deal of unemployment because of the returning soldiers and sailors, and because of the cessation of war expenditures. That conclusion is based not only upon the experience of the last war, but of all great contests of that kind.

We must, of course, reduce the production of automobiles, refrigerators, and all the other manufactured goods which would otherwise consume the raw materials which go into the production of tanks, airplanes, and other implements of war. We are doing that. That also helps in the price situation, because it reduces the demand for the raw materials which go to make up the necessary supplies for war.

Thus when the demand exceeds the available supply, we enter into a period of rising prices, if prices are uncontrolled. I may say that every expert witness who appeared before us pointed out that the fundamental economic law of demand and supply will, of course, continue greatly to affect the situation. There is nothing in the bill that will tell a farmer that he has to raise certain commodities, so that unless the price is so established as to make it attractive to the farmer, or to the producer of any other kind of goods, to produce those goods, we will not get them.

One of the fundamental things in the bill, one of the premises upon which it is based, is that it should aid in increasing the productive capacity of industry and agriculture in the United States. That must be done.

I think I could not better express it—in fact, I cannot express it as well as did ex-President Hoover, who was in charge of food prices during the first World War. In his testimony before our committee he said this:

I wish to state at once that I agree wholly with the general objectives of this bill. Price controls are absolutely imperative to win the war; to lessen suffering of our people during the war; to take profits out of the war; they serve to protect the social and economic system as much as possible from destructive aftermaths of the war. But the problem now becomes much wider than price alone.

So far as price control is concerned, obviously when we abstract commodities from civil consumption for military use, and at the same time increase civilian buying power by war expenditures, we are going to create shortages, and when we finance, as we must, some part of the war by inflationary methods, we are creating double pressures toward price increase. Mr. Henderson has pointed out that it is impossible to stay all price rise, and there will be increased cost of living, no matter what brakes are put on, and that wages will move with the increased costs of living.

From my experience in listening to a great number of witnesses and from my general knowledge of the subject, I fully

agree with what ex-President Hoover, the food administrator during the World War period, said in that statement.

Those are the basic reasons why price control is necessary. In general, therefore, it is necessary because the ordinary limitations which are placed upon high prices—the increase in supply and the reduction of demand—are largely inoperative. In time of war demand is not reduced by high prices; we must have weapons. Except in the natural monopoly field, electric light rates, railroad rates, and matters of that kind, we can generally rely in ordinary times upon that law of supply and demand reasonably to control price conditions. That is not true in time of war.

Briefly to summarize this part of my statement, let me say that when we have this extraordinary demand, accentuated and increased by the failure of productive power in England, in Russia, in other parts of Europe, and in other parts of the world affected directly by military operations, we can see that in the United States the demand will be—is already—so tremendous that without price controls we are bound to have a scarcity that would cause a tremendous rise in prices.

From September 1, 1939, when Germany assaulted Poland, the time of the outbreak of the present war, the B. L. S. index of basic commodities has advanced 57 percent. The frightening thing is that the greater part of that price increase has taken place in the last 9 months, since approximately April of 1941.

The greatest effect of that 57 percent rise is upon the greatest consumer in the world today, the Government of the United States. It is estimated by Mr. Baruch that of a total expenditure of \$31,000,000,000 in the World War, 1917-19, inflationary price rises cost us more than \$13,000,000,000. In other words, if we had been able to maintain price stability throughout World War No. 1, instead of the war costing us \$31,000,000,000, it would have cost us \$18,000,000,000.

Price rises in the present program have already cost us more than \$2,000,000,000 on the basis of expenditures of only about \$11,000,000,000. Mr. Henderson told us that even if no further increases occur, the program of \$67,000,000,000—as it was estimated on December 7—will cost us about \$81,000,000,000. In other words, existing price increases have cost the Government \$13,500,000,000 on the basis of our original pre-war program. That was what inflation cost us last time. And if prices continue to increase at the rate they had increased up to December 7, Mr. Henderson estimated that it would cost us an extra \$31,000,000,000. That was the entire cost of World War No. 1.

When one realizes that undoubtedly the debt limit will go to \$100,000,000,000 or beyond, and when one considers the expenditures which will be caused by the great increase which the President called for in his memorable message of yesterday, one can see that the figures I have given will be not only modest but totally inadequate. We shall have a much greater and accelerating price rise, and we shall have a much greater base of

total expenditures than the \$67,000,000,000 estimated before December 7 last. Therefore the chief sufferer would be the Government of the United States, which is the greatest consumer of all.

In the hearings are placed various charts which fully and graphically illustrate the figures which I have given. The effect on consumers in the United States—and, after all is said and done, this is fundamentally a consumers' bill—will, of course, be similar to the effect upon the Government of the United States. Thus, not only the cost of governmental expenditures but the additional direct cost to our consumers will be placed upon the American public. Therefore it is most highly desirable that we should strike at the danger which confronts us today and prevent uncontrolled price rises by fixing prices, through a single constituted over-all authority, so that enormous profits will not be obtained, as they were obtained during the last war, and enormous dislocations avoided.

In the Finance Committee we worked with all the ingenuity we possessed and with all the advice we could obtain from experts in the Treasury Department and others; and yet no one feels that we have prevented by taxation the piling up of considerable profits by great corporations. It will be seen from a recent publication of the National City Bank, of New York, which I used to a considerable extent in a statement which I made some months ago, that industrial profits have risen tremendously. We have not reached them by the present tax law, and I doubt whether we could effectively reach them all by any tax measure which could be designed and enacted into law by the governmental authority of the United States. But if we can strike at the matter of exorbitant prices, if we can give an effective over-all control of prices to a hard-boiled, hard-hitting, unafraid price administrator, we can do more, I think, than we could do by any tax bill we could write in preventing inordinate profits from the war.

I think I have covered the underlying and general conditions which require price fixing. These are succinctly set forth in the President's message of July 30. Compared with other nations, and looking at their experience, every important economic power in the world has had to enact price-fixing legislation. It was done in England, Germany, France, and the United States in the World War. It has already been done in England, in Canada, in Germany, and in the other great nations during the present war.

So far the Price Administrator has operated without direct legal authority. Some indirect authority is given him under the priorities and requisitioning laws, but the greater amount of control has been accomplished through voluntary cooperation on the part of business after consultation with the Price Administrator, and through the general power which he has exercised, supported by public opinion. That control has been reasonably effective.

During the World War the control was very effective. If we examine the charts in the earlier part of the Senate hear-

ings—I think they are contained in the first 8 or 10 pages—it will be seen that when the controls were exercised by Mr. Hoover and the War Industries Board during the World War they were very effective. With respect to the controls exercised by Mr. Henderson so far, it will be seen that whereas the line of general prices has gone up sharply, the line representing the prices of commodities of which he has control has maintained a fairly reasonable level.

Based upon the experience in the World War, which is graphically set forth in the charts, the first month or so after the United States entered the World War—in April of 1917—prices maintained a slightly rising tendency, but after the first months or so—corresponding to the point where we now are—the graph goes up very sharply. Controls were exercised on food, fuel, and the basic war materials. Thereafter a markedly beneficial general effect occurred. So it seems to those who have studied the subject that if we now exercise similar controls and give a small weapon to the Price Administrator we can prevent any enormous rise.

I now proceed to a brief general statement of what the bill proposes. When I shall have finished with that—which I think will be within 10 minutes or thereabouts—I shall make a textual explanation of the bill, and I shall be very glad to have questions as to the various sections when that time comes.

The bill, if enacted into law, would, in general, do the following:

It would establish as a base date prices for commodities as of the period from October 1 to October 15, 1941. Let me repeat that in a slightly different way, because it is one of the fundamental things in the bill. It is the standard that is laid down, and one of the principal guides to and limitations upon the Price Administrator. In general, the bill would endeavor to hold the general level of prices to the level which existed during the period from October 1 to October 15, 1941. Just why that particular period was selected is difficult to explain. I think it was just before the bill was considered in the House of Representatives, very late in the hearings before the House Committee on Banking and Currency. It is considered by the experts to be a reasonably good period, although prices had risen considerably up to that time.

The bill, if enacted into law, would leave untouched and unregulated prices within the jurisdiction of the Price Administrator if they remain at or below the level of prices during the period from October 1 to October 15, 1941. With respect to agricultural commodities—and, according to the newspapers, they represent the principal controversy about which this battle will rage in the next 2 or 3 days—we have adopted certain additional limitations upon the standards to which I have referred.

It is the judgment of those in the administration who are charged with responsibility in this tremendous problem, and I think I am safe in saying that it is the judgment of the House Committee on Banking and Currency, the subcommittee of the Senate committee, and the full

committee, that this is not a bill which can or should be used for a readjustment of the economic relationships between different classifications of earners and producers in the United States.

A very strong argument was made to our committee by those who contended that agriculture had long been submerged much below parity prices, and that to be fair to agriculture we ought to come up to 180 percent of parity for agricultural prices, or to some other figure. Such a reform may at some time be necessary. I am not enough of a student of the problem to know whether it is just that we should so do or not; and I did not think that the Committee on Banking and Currency, having this immediate and emergent problem before it, was the proper body to determine the question of the relationships among producers of agricultural commodities, producers of manufactured commodities, and other producers. Nor did I think it was a time when we could readjust the relationships among the incomes of the salaried class, the wage-earning class, the professional class, and incomes of other persons. We had to adopt some standard. We said, in agreement with the House committee, that the best thing to do was to say that the October 1-15 period would be adopted as the proper period to use in determining the relationship among prices of commodities produced by different classes of producers.

But with respect to agricultural commodities—spurred somewhat by the fighting ability of the Senator from Alabama [Mr. BANKHEAD], and with some reluctance on the part of many of us in the committee—we decided that we would place a limitation upon the power of the Price Administrator to fix agricultural prices, moved, I say, greatly by the contention that agriculture had been below the parity-price level for some time.

The attitude of the administration was at first that the relationship and the floor for agricultural prices should be fixed at 110 percent of parity. I may say that at the time of the hearings—approximately December 10—agricultural products were, on the average, 95 percent of parity. At the present time they are almost at parity—99 percent of parity. We decided that we would refuse to give the Price Administrator authority to fix the floor on agricultural prices below 110 percent of parity. Frankly, as I shall say later, I thought that was all that the reasonably minded agricultural organizations wanted; and I have good authority for that statement. I thought that was all that the Senator from Alabama [Mr. BANKHEAD] wanted.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. BANKHEAD. The Senator well knows that in the subcommittee and in the full committee I gave notice contrary to that statement.

Mr. BROWN. The Senator from Alabama and I may discuss that matter more fully when he comes to his amendment.

Mr. BANKHEAD. I refer to the statement of the Senator from Michigan about my attitude.

Mr. BROWN. I was under the general impression, and I so stated it many times, that that was going as far as we in the committee ought to go, under all the circumstances. But we went further. We also provided that if the price of any agricultural commodity on October 1, 1941, was higher than 110 percent of parity, the Price Administrator could not fix the price of any particular commodity below the price on October 1, 1941. The

parity about which I am talking is the 1909-14 figure.

So I make the statement that with respect to agricultural commodities they will be unaffected by this bill until they reach 110 percent of parity, or the October 1, 1941, price of any particular commodity, whichever floor is higher. Upon reaching that point, if, in the language of the statute, prices threaten to go higher, the Administrator may fix a maximum price or a ceiling upon that commodity which must not be less than 110 percent of parity or less than the

market price of the commodity on October 1, 1941.

Now, let us see what that does with respect to particular commodities in which Senators and the country may be interested.

On page 133 of the hearings is a table; but I have a new table, which I ask unanimous consent to have inserted in the RECORD at this point, Mr. President.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Prices of selected agricultural commodities

Commodity and unit	Actual price, Dec. 15, 1941	Parity price, Dec. 15, 1941	Price ceilings under House bill ¹			Percent actual price of parity, Dec. 15, 1941
			110 percent of parity price, Dec. 15, 1941	Approximate price as of Oct. 1, 1941	Average price, July 1919-June 1929	
Rice, per bushel.....	cents.....	143.9	117.1	128.8		122.9
Wheat, per bushel.....	do.....	102.2	127.3	140.0	93.4	80.3
Corn, per bushel.....	do.....	66.9	92.4	101.6	67.8	72.4
Oats, per bushel.....	do.....	45.2	57.5	63.2	39.4	78.6
Barley, per bushel.....	do.....	56.1	89.1	98.0	50.5	63.0
Rye, per bushel.....	do.....	57.8	103.7	114.1	54.3	55.7
Buckwheat, per bushel.....	do.....	64.9	105.1	115.6		61.8
Flaxseed, per bushel.....	dollars.....	1.78	2.43	2.67	1.74	73.3
Cotton, per pound.....	cents.....	16.23	17.86	19.65	17.04	90.9
Cottonseed, per ton.....	dollars.....	44.65	32.47	35.71	50.56	137.5
Potatoes, per bushel.....	cents.....	82.7	101.3	111.4	65.8	81.6
Sweet potatoes, per bushel.....	do.....	86.6	126.4	139.0	90.2	68.5
Hay, per ton.....	dollars.....	9.43	17.09	18.80	8.14	55.2
Peanuts, per pound.....	cents.....	4.79	6.9	7.6	4.45	69.4
Apples, per bushel.....	dollars.....	1.00	1.38	1.52	.86	79.0
Hogs, per 100 pounds.....	do.....	10.21	10.40	11.44	10.59	98.2
Beef cattle, per 100 pounds.....	do.....	9.38	7.50	8.25	9.27	125.1
Veal calves, per 100 pounds.....	do.....	11.22	9.72	10.69	11.20	115.4
Lambs, per 100 pounds.....	do.....	9.86	8.45	9.30	9.75	116.7
Butterfat, per pound.....	cents.....	36.0	41.4	45.5	37.1	87.0
Chickens, live, per pound.....	do.....	15.8	16.4	18.0	16.2	96.3
Turkeys, live, per pound.....	do.....	20.9	20.7	22.8	18.2	101.0
Eggs, per dozen.....	do.....	34.1	38.4	42.2	31.1	88.8
Wool, per pound.....	do.....	37.1	26.4	29.0	36.3	140.5
Beans, per 100 pounds.....	dollars.....	4.93	4.85	5.34		101.6

Highest ceiling in italics.

Source: U. S. Department of Agriculture.

Mr. BROWN. The table to which I have just referred shows the commodity prices on wheat as of December 15, 1941, which is a little later than the date fixed in the table contained in the hearings. The actual price of wheat—and these statistics are from the United States Department of Agriculture—on December 15, 1941, was \$1.02½; 110 percent of parity is \$1.40. The price as of October 1, 1941, was 93 cents. Therefore, on wheat the Administrator could do nothing at the present time. He could not, under the bill, establish any maximum price until wheat had reached \$1.40 per bushel. Then he could fix a ceiling beyond which it could not go.

The question is, How high could he go? Under the standard set forth in the bill—necessity of production, extraordinary conditions—he is not bound by the October 1-15 base period, but he might let the price go as high as \$2 a bushel. Thus, if in the judgment of the Administrator, increased production is necessary and can be secured only through higher prices, he may depart from the base-date price. Furthermore, it must be remembered that 110 percent of parity is not a fixed and absolute figure but is a comparative figure. Parity may rise considerably over the \$1.40 limitation which is written in the bill.

At this point, Mr. President, I should like to have set forth a definition of par-

ity which we have prepared for inclusion in the RECORD.

There being no objection, the definition was ordered to be printed in the RECORD, as follows:

PARITY PRICE

The term "parity price" pertains to the relationship between the prices of the goods a farmer sells and the prices of the goods he buys. The term is always used with reference to the relationship which prevailed in a base period. That is, if farmers sell a bushel of wheat for the same price as prevailed in the base period but have to pay more for a given quantity of the goods they buy, the price of wheat is said to be below parity. In order for the price of wheat, or any other agricultural product, to be at parity the price of that product must have increased or decreased as much as the prices of the goods farmers buy have increased or decreased. In short, the parity price of any agricultural commodity is the amount of money farmers would have to receive for a unit of that commodity in order to be able to buy as much goods for that amount of money as they could in the base period.

In the various laws passed by Congress which relate to parity the base period for most agricultural products is given as the period August 1909 to July 1914. The measure of parity which is used is an index of the prices paid by farmers. The index for any given date is simply the ratio of the average price paid on that date by farmers for a selected group of commodities to the

average price of the same group of commodities in the base period. In December 1941 for example, the index was reported at 145; that is, farmers were paying 45 percent more than in the base period. The parity price for an agricultural product for December 1941 is then 1.45 times the average price received by farmers for that product in the base period.

In the case of wheat, for example, farmers received an average of 88.4 cents per bushel in the base period August 1909 to July 1914. The December 1941 parity price for wheat is then 88.4 cents times 1.45 or 128.2 cents per bushel. It should be noted that the parity price is not a constant but varies with the index of prices paid by farmers. If, for example, by February 1942 this index should have increased to 150, the parity price for wheat in that month would be 88.4 cents times 1.50 or 132.6 cents per bushel.

LEGISLATION RELATING TO PARITY

Agricultural Adjustment Act of 1933, as amended.

The Soil Conservation and Domestic Allotment Act, as amended.

The Agricultural Marketing Agreement Act of 1937, as amended.

The Agricultural Adjustment Act of 1938, as amended.

The Price Adjustment Act of 1938.

Appropriation for "parity payments" in Department of Agriculture Appropriation Act for fiscal year ending June 30, 1940 (Public Law No. 159, 76th Cong., approved June 30, 1939, 53 Stat. 974).

Appropriation for parity payments in Department of Agriculture Appropriation Act

¹ A list of such laws are included.

for fiscal year ending June 30, 1941 (Public Law No. 658; 76th Cong., 54 Stat. 561).

Appropriation for parity payments in Department of Agriculture Appropriation Act for fiscal year ending June 30, 1942 (Public Law No. 144; 77th Cong., approved July 1, 1941).

Public Law No. 147, Seventy-seventh Congress, approved July 1, 1941.

Mr. BROWN. On corn the actual price as of December 15 was 66.9 cents per bushel. The 110-percent parity price is \$1.016. What I said regarding wheat applies equally to corn. In the bill the October 1 limitation on corn is 67 cents. Therefore the 110-percent figure, being the greater limitation, and allowing the larger price, is the figure which is adopted.

On cotton the actual price on December 15, 1941, was 16.23 cents; 110 percent of parity is 19.65 cents. The price as of October 1 was 17 cents. Therefore 110 percent of parity would be the floor for cotton.

The use of the term "floor," I digress to say, is sometimes unfortunate. I want to disabuse any Senator's mind of the misapprehension that the floors established by the bill mean that the Administrator must immediately arrange to have agricultural and commodity prices go up to parity.

The Administrator does not operate until the natural conditions which prevail—mostly the law of supply and demand—bring the prices up to the express limitations in the bill. Only then may he operate.

The October 1, 1941, market price on cottonseed is higher than 110 percent of parity; 110 percent of parity on cottonseed is \$35.71 a ton, and that would be the limitation if it were not for the October 1 floor placed in the bill. By that the price is \$50.36 a ton. Therefore, in that instance, the October 1 market price is a better break for cottonseed.

In the case of various other commodities, I may say that the 110-percent parity limitation is generally the higher figure, but on cottonseed, on beef cattle, on veal—and I think I am correct on one or two other inconsequential commodities—the October 1 price is the better floor.

Mr. GILLETTE. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Iowa?

Mr. BROWN. I yield.

Mr. GILLETTE. The Senator has used the term "floor" under agricultural prices several times. It is not the contention of the Senator, is it, that there is anything in the bill that puts a supporting floor under agricultural prices, but he uses the term in connection with the comparison of the two periods to be used as a basis for the ceiling, does he not, not as a support for agricultural prices?

Mr. BROWN. As I said a few moments ago, I think that no one must get the idea, as the Senator intimates, that we immediately raise agricultural prices to any other than the parity figure. I think the Senator's last question brings us into another subject, the subject of the right to purchase agricultural products for the

purpose of supporting prices or holding prices down. That subject will be discussed later. Except for that, the Senator is correct.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. O'MAHONEY. I venture to rise because the Senator is discussing parity with relationship to certain commodities. The Senator is aware now, and the committee is aware, that there are some agricultural commodities concerning which the parity price as established during the period 1910 to 1914 is considerably lower than it would be possible reasonably to produce the commodities.

Mr. BROWN. That is correct.

Mr. O'MAHONEY. For example, in the case of beef cattle, according to the figures which I have here hurriedly prepared, the parity price for beef would run around \$7.18, I think, or \$7.20, whereas the price for beef cattle on October 15 was \$9.18. The average person viewing those figures would think that the producer of beef cattle was getting a very substantial price for his cattle, but the fact of the matter is that parity for beef cattle was an extremely low figure, and that was the reason that, throughout the discussion of the Agricultural Adjustment Act, the producers of cattle always objected to making cattle a basic commodity, because they felt that the formula which was then adopted would be unjust to the cattle growers.

The same thing is true, for example, in respect to wool. The price of wool during the parity period of 1910 to 1914 was about 18 cents. Mr. Henderson fixed the floor on wool recently at about 36 or 37 cents, as I recall. A price of 37 cents for wool is not out of line; it is a hundred percent above what the price of wool was in 1910 and 1914, but at that time the wool growers were operating on a peasant basis.

When we talk about 110 percent of parity, therefore, with respect to livestock and wool we are talking about a figure which is far below the reasonable price which the producers of those commodities ought to receive. The Senator will pardon me for interrupting him at this point, but I felt that it was necessary to bring this side of the picture into the discussion at the particular time.

Mr. BROWN. The Senator's figures well illustrate the point that I was just making. He says the parity price of wool for the 1910-14 period was 18 cents, but because of the general rise in all commodities the parity price of December 15, 1941, on wool has risen from 18 cents to 26.4 cents a pound. However, I will say to the Senator that the best limitation on the price of wool, which bears out what the Senator says, is not the parity price but the price as of October 1, 1941, which was 36.3 cents a pound.

Mr. O'MAHONEY. With respect to that today, so far as cattle are concerned, it might be a reasonable price, but with respect to beef, upon the other hand, it would not be a reasonable price; and with respect to that particular commodity either formula which appears in the reported bill, 110 percent of parity or the price on October 1, 1941, would be unjust

to the cattle industry. It would, for example, have this effect, if I may trespass upon the Senator's time in order that the picture may be clear: A substantial market for range cattle is to be found in what are called the feeding lots of the Corn Belt. The cattle come off the ranges in the public-land States and in the West generally and go on to the feeding lots. When a feeder has bought his cattle at the price prevailing on October 1, 1941, as he necessarily would have to do, it becomes impossible for him to feed the cattle and dispose of them profitably if a ceiling is fixed upon that basis, because then the entire cost of feeding would be cut off by a ceiling that was fixed as of that date. For that reason, perhaps later on, I shall ask the Senate to consider an amendment of that provision of the bill so as to deal more equitably.

Mr. BROWN. I want to point out one thing to the Senator in that connection. Then I should like to leave the matter of floors below which the Administrator cannot go to the time when we discuss the amendment itself. But the Senator recognizes that, assuming the case mentioned to be an extraordinary one—it must be, because the Senator has talked about beef here for a good many years—

Mr. O'MAHONEY. Almost as much as about sugar, concerning which the Senator has likewise talked.

Mr. BROWN. Yes; but I would point out to the Senator that the Administrator may—I do not say that he must, but he may—allow a higher price for beef cattle and for wool. I concede that there is no bottom limitation beneath which he may not go, except the standards of 110 percent of parity and the October 1 price; but a wise and reasonably fair administration of the bill—a problem which I know the Senator will most effectively present to the Price Administrator—would, it seems to me, require him to give consideration to a matter of that kind; and that is true not only of wool and beef but of any other commodities. In other words, we place no definite top on prices beyond which the Administrator may not go. We permit him to fix the ceiling, but we fix the floor on all agricultural commodities, and, I may add, on commodities processed out of agricultural products.

Mr. O'MAHONEY. I recognize the correctness of the statement made by the Senator from Michigan. I pointed out when I first interrupted him, when I was discussing wool, that in fixing a ceiling within the past few weeks Mr. Henderson did not go to parity or 110 percent of parity in the case of wool, because he and his organization were convinced that that would have been an unjust ceiling to place upon that commodity. So that very example is, I think, proof of the good faith of the Price Administration Office, and their intention to do the right thing.

Here, however, we are dealing with a law which after its enactment will become the rule which will guide those who are administering it; and the administrators may change from year to year and from month to month. Then we have also the fact that what we do here is bound to have an impact upon public thinking; and the unfortunate fact is

that, to date, when we talk of a ceiling which shall not be below 110 percent of parity, a great many persons have the feeling that we are talking about the establishment of a ceiling at that price. I am very happy that the Senator has made it quite clear that, even under the bill as he has reported it, this is not in any sense a direction to the Office of Price Administration to reduce prices to that level.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BROWN. I yield to the Senator from Ohio.

Mr. TAFT. Let me suggest, also, that whatever provision is made regarding agricultural prices is more protection than anybody else in the United States is getting. In other words, we give to the Administrator absolute power to fix the price of copper and all other metals produced in our whole mining industry and all manufactured products. They are not protected by any figure that I know of. There is a very indefinite sort of provision that the administrative officials shall pay some attention to October prices, and so forth; but it is perfectly unlimited. So whatever provision is made regarding agriculture at least gives agriculture a protection that nobody else in the United States has.

Mr. BROWN. Before I leave the question of parity, I think in all fairness I should point out the effect of the so-called Brown amendment, which was offered in the House by Representative PAUL BROWN, of Georgia, and adopted.

Mr. OVERTON. Mr. President, will the Senator yield before he takes up that phase of the bill?

Mr. BROWN. Certainly.

Mr. OVERTON. I understand that the Senator from Michigan takes the position—and I have no doubt that is the purpose of the bill—that there should be a floor only to the market price of agricultural products which is based either upon parity or upon the October 1, 1941, market price. Therefore, section 3 (a) provides that—

No maximum price shall be established for any agricultural commodity below (1) the market-price equivalent to 110 percent of the parity price.

That is very clear, but when we turn over from page 29, section 3 (a), to page 30, paragraph (e), we find this provision:

If a maximum price has been established for any agricultural commodity and thereafter a parity price as determined and published by the Secretary of Agriculture is more than 3 percent above or below the parity price to which the prevailing maximum price applies, the maximum price established for such commodity shall be readjusted and based upon such later parity price until a further adjustment is required under this subsection.

My construction of the paragraph I have just read to the Senate is that the maximum price cannot vary more than 3 percent either above or below 110 percent of the parity price. In other words, the parity price is to be readjusted, and then the maximum price under such readjustment is to be based upon the later parity price.

I merely throw out this suggestion in passing, in order that the Senator from

Michigan may consider it. Later on, I shall submit an amendment on the subject.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BROWN. Just a moment, and then I will yield.

I may say to the Senator from Louisiana that paragraph (e) was brought into the subcommittee very late in our hearings. It was offered by the Senator from Alabama [Mr. BANKHEAD], and we accepted it, having in mind that it met the purpose to which the Senator from Louisiana refers. I have been told that possibly it may not do so; and I am perfectly willing to take it up with the other members of the committee, and see if we can get a satisfactory paragraph (e) to effectuate the purpose which the Senators from Louisiana and Alabama have.

Mr. BANKHEAD. Mr. President, if the Senator will yield, as stated by the Senator, paragraph (e) was hurriedly prepared. I have discussed the matter with the Senator from Louisiana; I think he has amended the paragraph in a way which improves it; and, so far as I am concerned, I am perfectly willing to accept his amendment.

Mr. BROWN. I came to the same conclusion from a hasty scanning of the Senator's amendment; but I do not want to accept it until we have thoroughly examined it.

Mr. OVERTON. If the Senator will yield again in that connection, I send to the desk the amendment referred to by me, and ask that it may be printed and lie on the table.

Mr. BROWN. It is not necessary to have it read.

Mr. OVERTON. No.

The VICE PRESIDENT. The amendment will be received, printed, and lie on the table.

Mr. McNARY. Mr. President—

Mr. BROWN. I yield to the Senator from Oregon.

Mr. McNARY. I was called from the Chamber a few moments ago while the Senator was discussing the general philosophy and objectives of the bill. When I returned a moment ago I heard his colloquy with the Senator from Wyoming [Mr. O'MAHONEY] regarding parity. Is that the section which the Senator is now discussing?

Mr. BROWN. I was giving illustrations of the limitations upon the power of the Administrator which exist under the bill.

Mr. McNARY. I do not want to interfere with the Senator's plan of discussion of the bill; but when he reaches that point I should like to ask some questions.

Mr. BROWN. I may say that we are there now; and, if the Senator has any questions to ask, I shall be very glad to answer them.

Mr. McNARY. Very well. If this is not the appropriate time, I shall not insist on it.

Mr. BROWN. I will say to the Senator from Oregon that it is satisfactory to discuss the matter now.

Mr. McNARY. It may be very clear to the able Senator from Michigan, but it is not quite so clear to the Senator from

Oregon what he means by "parity"—whether it is the statutory definition as defined in the act of 1934 creating the Agricultural Adjustment Administration, or whether it is the interchangeability of prices of agriculture with services, and so forth, on the dates mentioned. There is a very great distinction between the two, and I do not find any language which indicates which is meant.

Mr. BROWN. The Senator is discussing a matter which I have already covered.

Mr. McNARY. I am sorry, then.

Mr. BROWN. In a general way, the parity is based on the 1909-14 relationship, not the 1909-14 prices. For example, as the Senator from Wyoming pointed out, the parity price on wool in 1909-14 was 18 cents. The parity price on wool today, as of December 15, 1941, is 26.4 cents.

Mr. McNARY. I understand all that thoroughly. The point I am making is that in years gone by, when we had before us a bill by another name, the bill known as the McNary-Haugen bill, we referred to giving agriculture equality; but it meant the same thing. In that bill parity was defined, and it is a statutory definition, the only one in which we covered the subject, followed in the 1934 edition of the A. A. A. Are we to go back to that definition, or are we taking parity as a practical question, a living thing, as of the day that is now set, October 1, 1941?

Mr. BROWN. Let me put it to the Senator in this way: We adopt the parity relationship between prices as they were in the 1909-14 period, but parity prices themselves, the actual prices, are the prices as of the date upon which the Administrator would make his determination, and of course in a general way are very much higher than the actual prices which would be fixed by parity in 1909-14. Section 3 (b) of the bill expressly states:

For the purposes of this act, parity prices shall be determined and published by the Secretary of Agriculture as authorized by law.

In other words, the parity referred to in the bill is the parity already defined by law. We are not undertaking to create any new parity or revise the existing concept.

Mr. McNARY. The explanation is very satisfactory. However, I do not read that in the language. Let me ask the Senator a further question. The bill refers to "the market price prevailing for such commodity on October 1, 1941." I would assume, from a rather casual reading of this section, as I find it in the bill on my desk, that there are three different yardsticks. One is the old parity definition contained in the A. A. A. Act, parity as of the day the sale is made or the commodity is acquired, or as of October 1, 1941.

Mr. BROWN. No. The October 1 limitation deals with a market price—an actual price—not parity. Let me illustrate it in the way I did a few moments ago.

Mr. McNARY. If the Senator has been over the question, I do not ask him to repeat; I will read the Record.

Mr. BROWN. I think I can illustrate it very briefly to the Senator.

The parity price per ton of cottonseed on December 15, 1941, was \$32. The market price as of October 1, 1941, which has no relationship to parity whatsoever, was \$50 a ton. Therefore the Administrator would be required, in fixing the price per ton of cottonseed, to fix it at a price not less than \$50 a ton, and he would reject any comparison with a parity price as of December 15, 1941. Does that make the distinction between the two limitations clear?

Mr. BANKHEAD. Mr. President, may I interrupt the Senator a moment?

The PRESIDING OFFICER (Mr. BUNKER in the chair). Does the Senator from Michigan yield to the Senator from Alabama?

Mr. BROWN. I am still yielding to the Senator from Oregon.

Mr. McNARY. I appreciate the courtesy of the Senator. I understand his illustration, and I know what the terms "market price" and "parity price" mean. I still insist that under the language—and I am not critical about it, but I want it fully developed—there are three standards of measure of market price. One is the parity price description in the 1934 act, the parity price as of the date when the transaction takes place, and the market price as of October 1, 1941.

Mr. BROWN. I assure the Senator that if it is necessary to clarify the language I want to do so, and I will take that matter up with the draftsmen if it is found necessary. By the reference to the parity price on the date the transaction takes place, I think the Senator may mean the market price equivalent to the parity price; that is, the 1909-14 relationship translated into actual market prices on the date of the transaction, as contrasted with the price on the farm which is embodied in the Secretary of Agriculture's parity computation.

Mr. McNARY. I have no objection to flexibility, but I want to know by what standard or formula we are to be guided. It occurs to me, from reading this provision—and it may be proper—that when he comes to deal with the provisions of the act, the Administrator can take into consideration the act of 1934 in defining parity in relation to the basic commodities, and the renewal of that definition in 1938; or he can take parity as of the date of the transaction; or he can take it as of the specific date mentioned in the bill, October 1, 1941. I think that is elastic enough for me, but I must challenge the language to meet that situation. It may be all right. I am merely seeking the view of the able Senator, who has been with his bill and seems to know it thoroughly. If the Senator wants to give that thought further consideration, I shall ask another question.

Mr. BROWN. We shall consider the remarks of the Senator carefully and, if it is necessary to do so, clarify the language.

Mr. McNARY. On the same page we find reference to comparable prices of commodities not mentioned in the original adjustment act, which, as the Senator knows, are cotton, corn, wheat, to-

bacco, and rice. The great products of America lie without that category. One of the largest incomes arises from cattle and livestock generally. The poultry industry comes next, then the dairy industry, the returns from each of those exceeding the returns from any of the basic commodities I have just mentioned. The attempt is not to fix parity, it is said, but comparable prices; and I assume the intent is to bring about by this language prices comparable with those mentioned in the Agricultural Adjustment Act.

Mr. BROWN. The idea of subsection (b) is to cover a situation such as that referred to by the Senator from Wyoming, and what the Senator from Oregon refers to now.

Mr. McNARY. I understand the proposition presented by the very distinguished Senator from Wyoming. I am speaking of the general philosophy and the construction and language of the bill. If I raise vegetables, or am interested in the dairy or poultry industry, and cotton and wheat are selling at one price, or cattle at another price, relatively different from the price of the product I am raising, I am interested in knowing whether there is anything in the bill which instructs the Administrator to make comparable all agricultural prices, or is it left to the discretion—sometimes it might be the wicked discretion—of the Administrator?

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. BANKHEAD. I call the attention of the Senator from Oregon to the language in the second line of section 3, namely:

No maximum price shall be established for any agricultural commodity.

The Department makes calculations as to parity on all agricultural products, which are announced from time to time. The provision is broad and comprehensive. It is not confined to the basic commodities. There is no limitation to the basic commodities, except in the loan program.

Mr. McNARY. I may be obtuse in this matter, but I am willing to read the language, though I am not attempting to make the interpretation. I simply want to know if there is a rule of equality, at least as to agricultural commodities.

Mr. BROWN. That was our intention, and I thought it was accomplished by the language.

Mr. McNARY. I appreciate that. I merely wish to ascertain whether any skepticism I have is unfounded, and no doubt the Senator can well remove it.

Mr. BROWN. I think the purpose of subsection (b) is to permit the Secretary, under conditions when production is abnormal, when demand is abnormal, to make a readjustment of the relationship between one agricultural price and another, other than as to the basic commodities. He can revise it, the Senator from Georgia reminds me.

Mr. McNARY. I do not wish to interrupt the orderly discussion of the bill by the Senator—

Mr. BROWN. I am now at the point where I am open to questions.

Mr. McNARY. The bill reads:

For the purposes of this act, parity prices shall be determined and published by the Secretary of Agriculture as authorized by law: *Provided*, That in the case of any agricultural commodity other than the basic crops—

Mentioning them, corn, wheat, cotton, rice, tobacco, and peanuts—

the Secretary shall determine and publish a comparable price, whenever he finds, after investigation and public hearing, that the production and consumption of such commodity has so changed in extent or character since the base period as to result in a price out of line with parity prices for basic commodities.

I assume that language to mean that the Administrator is fastened to a certain plan with regard to basic commodities, and as to all other commodities he must have a public hearing, the matter must be considered, and if he can then determine, after considerable investigation, survey, and exploration, that the prices are not comparable, he can fix prices comparable to those which are defined in the statute as parity prices.

Mr. BROWN. I think the Senator expresses the intent, but I call attention to the fact that that power is in the Secretary of Agriculture, and not in the Price Administrator.

Mr. McNARY. I am not interested in where the power lies. I am interested in how it is proposed to enforce without discrimination, and equitably, the prices to be paid the producers of all agricultural commodities.

Mr. BROWN. I think the Senator from Oregon states the purpose of the bill, and of this subsection in the agricultural portion of the bill. But I wish to say further to the Senator that I feel that in determining the relationship between the prices of those things which the farmer buys compared with what he sells, there is a necessity for readjustment from time to time, and such readjustment will be made by the Secretary of Agriculture. I understand he may do so under existing law. The provision under discussion gives him no new or additional authority. The Secretary having acted, the Price Administrator is bound by the Secretary's determination of parity.

Mr. McNARY. Mr. President, if I understand the language of the bill, the Secretary shall determine the parity prices on basic commodities, and with respect to all other commodities, if the prices are out of line, an attempt shall be made to find a comparable price, after an investigation, not instantaneously at once. Is that the conclusion to be derived from that language?

Mr. BROWN. I will say that that is the conclusion to be derived from it, and that is the law at the present time, regardless of subsection (b) of section 3.

Mr. McNARY. Well, that may be the Senator's opinion about it.

Mr. BROWN. I may say that I have placed in the Record a short memorandum showing the statutory location in the code of the various acts relating to parity, which I think will be helpful to the Senate.

Mr. McNARY. The Senator may have them in mind. I think I have them in mind quite as well. The last act on the subject, passed last year, defines how to reach parity of those crops not mentioned in the organic act passed in 1934. That shall be determined by the Secretary of Agriculture. That has nothing to do with my proposition. Probably I am lamentably weak in making my position clear. I will repeat it, and then the Senator can think it over.

Under this language the basic commodities are treated in one category and as to them the Secretary shall determine parity price. With respect to all other commodities he must make a survey and an investigation. Let me read the language:

In the case of any agricultural commodity other than the basic crops—corn, wheat, cotton, rice, tobacco, and peanuts—the Secretary shall determine and publish a comparable price, whenever he finds, after investigation and public hearing, that the production and consumption of such commodity has so changed in extent or character since the base period as to result in a price out of line with parity prices for basic commodities.

The Secretary must determine a comparable price when the producer does not receive a price in line with parity prices for basic commodities immediately the bill is passed. Is that not a correct statement? I submit the proposition to the Senator, and, if I have made myself clear, I am sure he has sufficient capacity to figure it out. I may be wrong. If I am wrong I should be very happy to be informed of my error.

Mr. BROWN. I shall take it up with representatives of the Agricultural Department.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. GEORGE. While the Senator is discussing the question of parity, I should like to ask a question for the purpose of clarification. I assume that by the use of the word "parity" is meant the farm price, farm parity.

Mr. BROWN. Yes; farm parity.

Mr. GEORGE. Parity in the primary markets is what is meant. It has nothing to do with exchange quotations or with exchange prices?

Mr. BROWN. I assume it is the price at the farm. It is the parity calculated and released monthly by the Department of Agriculture.

Mr. BANKHEAD. Mr. President, will the Senator permit me to interrupt?

Mr. BROWN. Yes.

Mr. BANKHEAD. That same question, I will say to the Senator from Georgia, was raised in the committee, and I presented an amendment making it the farm price. The discussion between members of the committee and Mr. Ginsburg, who is general counsel for the Administrator, was along that line, and an agreement was reached by the committee to the effect that it was not necessary to put the words "farm price" in the bill, because the language contained in the bill pertains to the farm price. It was pointed out in the committee that there were two prices on nearly all the commodities; one the price on the farm, the

other on the exchanges in Milwaukee or Chicago, or, in the case of cotton, in New York. It was agreed in the committee that the maximum price of sale did not apply to the price on the market, because the price of sale covered cost of transportation as well as cost of handling, and it was agreed that parity always applied to the price the farmer received at the primary place.

Mr. BROWN. The Senator from Alabama is correct in his statement.

Mr. BANKHEAD. My amendment was not pressed, because it was generally agreed that that was the proper construction.

Mr. GEORGE. I assume that to be true, but from a reading of this section, and other related sections, I was left very much in the air about the matter. Therefore, I wanted a definite committal on the part of the Senator in charge of the bill that the language means the farm price in the primary market, and that the 110 percent of parity price would not be an exchange price or price fixed elsewhere; that in the case of cotton it would not mean the price in the 10 spot markets, or in any one of the 10 spot markets, or the average price of the 10 spot markets. It would mean the price in the primary market, as I understand the Senator from Alabama.

Mr. BANKHEAD. The price paid to the farmer.

Mr. GEORGE. Yes.

Mr. BROWN. That, I will say to the Senator, was the subject of considerable discussion, and we came to the conclusion, as stated by the Senator from Alabama, that it meant the farm price.

Mr. GEORGE. I rose for the purpose of getting information on that point.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. O'MAHONEY. I am very happy that the Senator from Oregon propounded the questions which he did to the Senator from Michigan. I think it is very important to a correct understanding of the bill that we should have a clear response to the questions asked by the Senator from Oregon.

I will say for myself that I had assumed from the very outset that there was no doubt about what was meant by the phrase "parity price."

Let me ask the Senator if I do not correctly state the situation. The parity price of any basic farm commodity is determined by a formula which was devised at the time the Agricultural Adjustment Act was adopted—a formula designed to give to farm commodities a price equal to the price which those commodities had in terms of the commodities which the farmer had to buy. In other words, it was a device to keep the purchasing power of farm commodities relatively stable. So when we talk about parity price we talk about a formula which is based upon the period 1910 to 1914—a formula which, applied to the prices of other commodities, produces a variable price for the farm commodity. That was my understanding of the meaning of the bill; and, therefore, the official who administers the bill, whether it be the Administrator of O. P. A. or the

Secretary of Agriculture, or the two together, in determining what 110 percent of parity would be in any particular case, would first take this formula, apply it to the commodities, and the result would be the price below 110 percent of which the Administrator could not go.

Mr. BROWN. I cannot give blanket assent to everything the Senator from Wyoming says. In my own mind I have what is to me a clear conception of what parity means. It was somewhat difficult to frame language that would clearly define it, because it is the subject matter of about eight or nine different statutes.

Mr. O'MAHONEY. If it is not clearly defined, and if we do not know what it means, the Administrator will not know.

Mr. BROWN. I am trying to clarify the definition.

The subject matter of parity is set forth in seven or eight statutes, which we have arranged to have appear in the RECORD. I wish to take the time to read the definition of parity which we think is the parity referred to in those statutes. The definition will be placed in the RECORD, but I believe it should be before us.

The Price Administrator has no authority whatsoever with respect to what parity is. Parity is determined by the Secretary of Agriculture. That determination is not fixed and definite, but is variable. With respect to the basic commodities it is reasonably fixed and definite. With respect to other commodities in their comparison with the basic commodities, it is not fixed and definite, but within reasonable limitations may be moved up or down by the Secretary of Agriculture.

I should like to read this definition without interruption, and then I shall be glad to yield.

The term "parity price" pertains to the relationship between the prices of commodities a farmer sells and the prices of articles a farmer buys. The term is always used with reference to the relationship between those prices which prevailed in a certain base period. If a farmer sells a bushel of wheat for the same price as prevailed in the base period, but has to pay more for a given quantity of goods he buys, then the price of wheat is said to be below parity.

In order for the price of wheat or any other agricultural commodity to be at parity, the price of the commodity must have increased or decreased as much as the prices of the goods the farmer buys have increased or decreased. In short, the parity price of any agricultural commodity is the amount of money the farmer would have to receive for a unit of that particular commodity in order to be able to buy as much goods for that amount of money as he could in the base period—that is, relating back to the period from 1909 to 1914.

In the various laws passed by Congress which relate to parity, the base period for most agricultural commodities is given as the period from August 1909 to July 1914. The measure of parity which is used is an index of the prices paid by farmers. The index for any given date is simply the ratio of the average prices paid on that date by farmers for a selected group of commodities with

relationship to the average prices of the same group of commodities in the base period.

In December 1941 the index was reported at 145. That is, farmers were paying 45 percent more than in the base period. That means they were paying 45 percent more in December 1941 than during the period from 1909 to 1914. The parity price for an agricultural product for December 1941 is then 1.45, or practically one and one-half times the average received by farmers for their products in the period from 1909 to 1914. In the case of wheat, the farmers received an average of 88.4 cents a bushel in the base period from 1909 to 1914. The December 1941 parity price for wheat is then 88.4 cents times 1.45, or \$1.282 a bushel.

It should be noted that the parity price is not a constant, but varies with the index of prices paid by farmers. If, for example, in February 1942 the index should be increased to 150, the parity price of wheat would be 88.4 cents times 1.50, or \$1.32.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. AIKEN. I should like to ask whether the provisions of the bill would suspend the provisions of the Milk Marketing Act, under which a good many Federal marketing orders have been issued, and which has worked very satisfactorily in many sections of the country. As I read the bill, it seems to me that its provisions would supersede the milk-marketing agreements which are now in force, and which have been very satisfactorily administered. I am sure that everyone who is familiar with them knows that to be so.

Mr. BROWN. Let me say to the Senator that it is not the intention to have the pending measure supersede the provisions of the Milk Marketing Act.

Mr. AIKEN. Section 305, on page 52, provides that—

No provision of law in force on the date of enactment of this act shall be construed to authorize any action inconsistent with the provisions and purposes of this act.

Not being a lawyer, I do not understand exactly what that means. That is why I asked the question.

Mr. BROWN. I take it that the agencies to which the Senator refers come under some powers of the A. A. A. or the Department of Agriculture.

Mr. AIKEN. Yes.

Mr. BROWN. On page 28, lines 16 to 22, will be found specific language withdrawing the A. A. A. from the scope of this bill.

Mr. AIKEN. I do not want to have a law which has worked very satisfactorily thrown out the window by the enactment of the pending measure.

Mr. BROWN. Let me assure the Senator that it will not be.

Mr. AIKEN. That is not the purpose?

Mr. BROWN. It is not the purpose of the committee. The limitations in sections 2 and 3 of the bill afford adequate protection to agricultural commodities, and unless the provisions of the law referred to present the Administrator with an inflationary price threat, there is no likelihood of any conflict.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. TYDINGS. I understood the Senator to say that the Secretary of Agriculture determines what is parity for certain products. Parity is not a constant thing. Parity must be maintained. Therefore, when the present parity, in the light of subsequent events, is not the parity which will be necessary 4 weeks from now; for example, who then establishes the new agricultural price as compared with the price today?

Mr. BROWN. The Secretary of Agriculture, and not the Price Administrator.

Mr. TYDINGS. The Price Administrator would have nothing to do with it?

Mr. BROWN. No.

Mr. TYDINGS. But the Secretary of Agriculture—

Mr. BROWN. Let me interpose to say that subsection (e), which was referred to by the Senator from Louisiana [Mr. OVERTON], and which the Senator from Alabama [Mr. BANKHEAD], who offered an amendment, said should be improved, was designed to cover the situation in question. If a slight increase of not more than 3 percent should take place, the Price Administrator would not have to make the adjustment. He would not make an adjustment until the increase went beyond 3 percent.

Mr. TYDINGS. I am somewhat confused. Perhaps the Senator can explain away the confusion. Suppose there should be an increase of 10 percent in the prices of commodities apart from agricultural commodities, which commodities reflect what the parity should be in agriculture. Then, as I understand, the Secretary of Agriculture would make the necessary adjustment of agricultural prices without regard to the Price Administrator.

Mr. BROWN. The Price Administrator would then be required to follow the Secretary's determination of parity, assuming that the variation were above the limitation to which I have just referred. I think the Senator very clearly illustrates the actual situation when he calls attention to a rise in the prices of other commodities. If that should happen with relation to commodities which we classify as commodities which the farmer buys, there would have to be a consequent rise in the prices of commodities which the farmer sells.

Mr. TYDINGS. The price schedule for the commodities which the farmer sells is fixed by the Secretary of Agriculture in accordance with a definition set forth in the bill.

Mr. BROWN. Not in this bill, but in existing law.

Mr. TYDINGS. In the law which is referred to?

Mr. BROWN. Yes.

Mr. TYDINGS. To take an example, if agricultural prices should be higher from a selling standpoint than from a buying standpoint, the Secretary of Agriculture would lower the prices. To put it more clearly, if the prices which the farmer receives for what he sells were 10 percent above parity, as compared with the prices of things which the farmer must buy, then the Secretary of Agriculture, and not the Price Ad-

ministrator, would lower the agricultural prices.

Mr. BROWN. Yes; within certain limitations which are fixed in the bill.

Mr. TYDINGS. I should like to have the point made clear.

Mr. BANKHEAD. If the Senator will yield to me for a moment, let me say that he is talking about the fixing of prices by the Secretary of Agriculture. That is definitely an error on the Senator's part.

Mr. BROWN. I do not think he means that.

Mr. TYDINGS. I did not mean to leave that impression.

Mr. BROWN. The Senator from Maryland is talking about the limitation.

Mr. TYDINGS. My question is this: If the price of a particular commodity goes from \$1.10 to \$1.20, but if the prices of the things the farmer has to buy remain at \$1.10 and it becomes necessary to lower agricultural prices, does the Price Administrator or the Secretary of Agriculture establish the prices?

Mr. BROWN. If the situation were such that, in the case of potatoes, let us say, the price was thereby reduced from \$1.10 to \$1.05, the Administrator would not then be authorized to fix a floor below \$1.05, but he would not necessarily be required to pull his price up to the \$1.10 figure.

Mr. TYDINGS. I want to make the point abundantly clear.

Mr. BROWN. Does the Senator understand me?

Mr. TYDINGS. No; I do not quite understand the Senator from Michigan.

Mr. BROWN. Then, I want to make the point a little clearer.

Mr. TYDINGS. I do not think the Senator from Michigan quite understands what I have in mind.

Mr. BROWN. Let us assume that a commodity we may call "X" is, at parity, \$1.10.

Mr. TYDINGS. Let us take potatoes, and let us say they are selling at \$1.20, for the purposes of my question.

Mr. BROWN. Very well; let us say that potatoes are selling at \$1.20. The Senator from Maryland assumes that the Price Administrator has fixed a floor of \$1.20?

Mr. TYDINGS. No; my question would assume that potatoes, worked out on this ratio, should be selling at \$1.10, but that the price of potatoes had gone to \$1.20, in comparison with the prices of the things the farmer would buy, which remain at \$1.10. If it becomes necessary to lower agricultural prices—which I do not foresee, but let us assume the case—would the Price Administrator or the Secretary of Agriculture establish the price?

Mr. BROWN. In neither event would the authority—the Department of Agriculture or the Administrator—be required to lower the price because under the law he may fix a ceiling for potatoes at \$1.30 or \$1.35; and if there were a change in parity that cut the parity price of potatoes from \$1.20 to \$1.10, he could still leave the price at \$1.35. Is that clear?

Mr. TYDINGS. Yes. The Senator has answered my question. It is conceiv-

able that farm products might sell above parity?

Mr. BROWN. Oh, yes.

Mr. TYDINGS. Suppose industrial products sold above parity: In that case, agricultural parity would be raised to meet it, would it not?

Mr. BROWN. The Senator is correct about that.

Mr. TYDINGS. So there is a margin of benefit, let us call it, to agriculture. If particular products of agriculture sell above parity, industrial prices do not necessarily go up to such a parity?

Mr. BROWN. That is correct.

Mr. TYDINGS. But if agricultural products sell below parity, they automatically will be put up to parity? Have I stated the matter correctly?

Mr. BROWN. The Senator has stated it correctly, and I might say that his remarks illustrate the fact that with regard to commodities generally there is no lower limitation in the fixing of prices. The authority may not fix the floor below a certain price on agricultural commodities, but may do so as to all other commodities.

Mr. TYDINGS. That is correct, and that is what I wanted made plain.

Mr. BROWN. I should like to have the attention of the Senator from Oregon for a moment. The Senator was called out while I finished the definition of parity, which I read. I want to say to the Senator that I am very anxious to read his remarks carefully, so as to ascertain the situation raised by the point he makes; and it is our desire to put the language of the bill in such shape that there can be no doubt about its meaning in the mind of the Senator from Oregon or of anyone else.

Mr. McNARY. I appreciate the desire of the able junior Senator from Michigan to be thorough.

Mr. MURDOCK. Mr. President, will the Senator yield to me?

Mr. BROWN. I yield.

Mr. MURDOCK. After listening to the discussion which has just taken place, and also to the testimony given in the hearings before the committee, let me ask whether it is stating the situation correctly to say that under the proposed law the Secretary of Agriculture would have power to fix the floor below which the Price Administrator could not go, but the Price Administrator could fix the ceiling. In other words, as the Senator from Maryland [Mr. TYDINGS] has very well explained, if agricultural commodity prices decline below parity, then there must be a readjustment by the Secretary of Agriculture of the floor below which they cannot go.

So it seems to me that a fair statement of the proposition with reference to commodity prices is that under the proposed law the Secretary of Agriculture would fix the floor below which the Price Administrator could not go. The Price Administrator could fix the ceiling; but that does not necessarily mean that if commodity prices went below the parity fixed by the Secretary of Agriculture, let us say, at a certain date, the Price Administrator of necessity would have to follow them down with the price he fixes.

Mr. BROWN. I think the Senator states the situation accurately. I think there should be a sentence or so inserted in the bill at this point. We would not want Senators to reach the conclusion that there is to be any fixation of a floor or ceiling unless under the primary standards of the bill prices threaten to rise beyond the October 1-15, 1941, level, which, as I have said, is the fundamental standard established by the bill.

Now I am ready to make a sectional analysis of the bill. I am not absolutely sure that it is necessary to do so, but perhaps I should endeavor to make a brief analysis. I shall be very glad to have questions asked with reference to any of the sections in the bill as we pass over them.

Mechanically, the Senate committee has stricken out the entire House bill and has substituted an entirely new bill. I do not mean that the Senate bill differs greatly from the House bill; but so many changes were made that it was felt best to handle the matter in that way. But I may say to the Senator generally, however, that we have a print, which I think will be available, in which each section of the House bill is set forth opposite the corresponding section of the Senate committee bill, for purposes of comparison.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. BROWN. I yield to the Senator from Georgia.

Mr. RUSSELL. About an hour ago the Senator from Michigan commenced an explanation of the reason why the Committee on Banking and Currency eliminated the so-called Brown amendment. I have been sitting here very patiently, waiting for the Senator from Michigan to resume his remarks on that point. I hope he will not proceed with a detailed explanation of the bill until he completes his explanation of the reasons for the elimination of the so-called Brown amendment.

Mr. BROWN. My intention was to point out—and I did do so—the four or five commodities—

Mr. RUSSELL. The Senator did not proceed with any discussion of the amendment. He merely said that it was offered by Representative BROWN, of Georgia; but the Senator did not discuss it at all.

Mr. BROWN. I was diverted by a Senator's question. I did not intend to argue the question of the Brown amendment, but I will state what it does. In addition to the two floors—the 110 percent of parity and the October 1, 1941 market price—below which under the committee bill maximum prices may not be established for any agricultural commodity, the Brown amendment imposes a third limitation, namely, that no maximum price may be fixed below the average price for the commodity during the period July 1919 to July 1929.

The Brown amendment would mean higher prices than are permitted under the committee bill for five of the important agricultural commodities. Cotton could go from 19.65 cents, which is 110 percent of parity, to 21.4 cents. The

Senator from Georgia is familiar with that fact.

Mr. RUSSELL. Yes; I knew that cotton could go somewhat higher than under the other formulas.

Mr. BROWN. The floor on potatoes would be \$1.25 a bushel instead of \$1.114, which is 110 percent of parity.

Lambs could go to \$10.98 a hundred instead of \$9.75, which is the October 1, 1941, market price.

Finally, chickens could go to 21.4 cents instead of 18 cents, and turkeys to 28.8 cents instead of 22.8 cents.

Those are the five commodities which are affected by the Brown amendment.

Now, I wish to say to the Senator from Georgia, and others interested in the Brown amendment, that the prices contemplated by the Brown amendment may be, and, in the judgment of the chairman of the subcommittee, will be exceeded by the prices called for by the 110 percent of parity limitation when parity is further affected by the general situation that may and probably will take place in the next few months or year. In other words, we are assuming that parity is a fixed, established figure, which, as the Senator well knows, it is not. It is entirely probable, indeed, I think the tendency is that way, that the limitation imposed by the 110 percent of parity provision may be greater on December 1, 1942, approximately 11 months from now, than it would be under the Brown amendment. The Senator recognizes that fact.

Mr. RUSSELL. Of course, the Senator from Michigan is proceeding on the assumption that the prices of things the farmer has to buy will increase with greater rapidity than the prices of farm commodities.

Mr. BROWN. I will say that that is so.

Mr. RUSSELL. It is very probable that the prices of things the farmer has to buy will increase with greater rapidity.

Mr. BROWN. One hundred and ten percent of parity will be a fair basis upon which to determine the relationship between farm prices and the prices of the things the farmer has to buy, but if we take a hard-and-fast figure, such as the average price between July 1919 and July 1929 we may not come to as fair a relationship between these prices. That is why I favor a relative figure rather than a fixed figure for this base limitation.

Mr. RUSSELL. When the bill was pending in the other branch of Congress it was stated on the floor that the third formula that was imposed upon the Price Administrator would allow a slightly higher price in the case of butterfats.

Mr. BROWN. That is not so today.

Mr. RUSSELL. The Senator from Michigan did not mention butterfats, and I wondered if the difference had been wiped out already because the producers of butterfats are being compelled to pay so much more for the things they have to buy that the parity price has gone above the average from 1919 to 1929.

Mr. BROWN. I hope the relationship between the two will be much closer when the Senator comes up for reelection.

Mr. RUSSELL. I thank the Senator, and join him in that hope.

Mr. BROWN. The price of butterfat under the so-called Brown amendment would be 44 cents, and the price on the basis of 110 percent of parity as of December 15, 1941, has moved up to 45.5 cents since the House passed the bill. The Senator is correct in his statement as to the situation shown in the table on page 133, but the later figures bring the returns for butter up to 45½ cents a pound.

Now, Mr. President, I can go ahead with my statement of the bill, section by section, and I will do so rather rapidly, unless a particular section may be of special interest to Senators.

The amendment reported by the Senate committee starts at page 21 with—

Title I—General Provisions and Authority. Purposes; time limit; applicability.

The purposes generally are to stabilize prices, prevent speculation and all the attendant evils of high prices, hoarding, and such matters as that.

The authority—and this is an important provision in section 1—will terminate on June 30, 1943, approximately one year and a half from the present time. It may terminate earlier if, in the judgment of the President, the emergency requiring this bill shall have passed.

I may say in that respect that I have not much hope that it will be desirable to terminate the bill at that time. Contrary to general supposition, prices did not get greatly out of line in the World War period until after price controls were lifted. For instance, sugar did not go to 25 cents a pound until 1921 and 1922, and that is also true of other commodities. There is the danger that this may happen again. With the great increase in the ability of the people to buy, which will come when baby bonds, the purchase of which is now taking away buying power from the general public, are cashed in, we might have a period of runaway prices shortly after the war, as we did in 1921 and 1922, and thereabouts. There may be good reason, therefore, even assuming the war is over by June 30, 1943, for giving careful consideration, in determining whether to continue the bill, to the danger of runaway prices at that time.

Mr. BAILEY rose.

Mr. BROWN. If the Senator from North Carolina will pardon me for a moment, the powers granted by this bill are, in an economic sense, probably the most tremendous that have ever been granted. This bill goes beyond any legislation that was enacted during the period of the World War; and I think we should expect the most careful administration from those who will have responsibility for enforcing this proposed law, because it proposes to affect the most fundamental things in the economic life of our people.

I add to that statement this short concluding remark—I fear that it may be necessary to extend price control somewhat longer than was done in the post-war period of the last war.

I now yield to the Senator from North Carolina.

Mr. BAILEY. Mr. President, I think the Senator is right in his remark about

sugar, but my recollection is quite definite as to our farm products in the South. They did not go up in 1920–21. They went down. I think cotton on January 10, 1921, reached 9 cents. On election day of 1920 cotton was selling at 14½ cents. The drop began in May 1920—I am referring to cotton—but it was not a precipitate drop at the time. The price of cotton was sustained around 39 and 40 cents until the 1st of September 1920. Beginning then, cotton went down very rapidly. We had what we call the period of deflation. Cotton went down 1, 2, or 3 cents a day until it reached 8½ or 9 cents on the day the Governor of North Carolina who afterward became a Senator was inaugurated.

I have not any question about those facts, because they are very clear in my mind; so I do not think the sugar illustration to be a good one.

Mr. BROWN. The Senator undoubtedly is correct about cotton.

Mr. BAILEY. I think it will be found that wheat went down, also.

Mr. BROWN. I have here a chart of wholesale prices which shows what occurred after price controls were taken off in early 1919. Prices rose sharply up to 1920, and then fell rapidly in the middle of 1921.

Mr. BAILEY. I think the Senator's chart indicates that the drop began at the time I stated, about May. If the Senator will notice the relation of the downward curve, it is just before the middle of the square of 1920; and that is right. That was through the period that we call deflation. Afterward, there was a rise. The rise, however, was not due to the taking away of controls. The rise was due to the fact that at that time, in 1921–22, the Government began to lend large sums of money to Europe for rehabilitation; and in 1924, as I recall, cotton went back to 35 cents a pound.

I have called attention to that state of affairs because I do not think we should predicate the extension of the act on the theory that the controls tended to put up the price, and that the thing will last a long time. I hope this act will not last a long time.

Mr. BROWN. That is my general feeling; but I perhaps used a poor illustration in the case of sugar, because there were other very extraordinary and abnormal conditions which affected sugar.

Mr. BAILEY. The sugar situation was a world-wide situation; but I will not go into that.

Mr. BROWN. My point is that in 1919, when the controls were lifted, the price rose rapidly until the middle of 1920. It subsequently went down; but I think price control had little or nothing to do with that. Other economic conditions caused it.

Mr. BAILEY. I know that we shall have to vote for the bill. The bill will pass, and probably a great many like it. I am not raising a question about that; but does the bill authorize the Administrator to fix all prices?

Mr. BROWN. I should say generally that it does. A number of classes of prices are specifically exempted, the most important of which are railroad rates, public-utility rates, prices of newspapers, and periodicals, but, generally speaking,

I think we may say that the bill authorizes the Administrator to operate on all commodity prices.

Mr. BAILEY. And rents, I think.

Mr. BROWN. Yes; rents in restricted areas are included. I was about to discuss that subject.

Mr. BAILEY. That is, in the industrial areas?

Mr. BROWN. No; in what are called defense areas. I will say to the Senator, also, that the authority in defense areas is confined to cases in which the local authorities have not acted, and have permitted rents to go high.

Mr. BAILEY. I rose mainly, however, to present the difficulty which is in my own mind.

I read some years ago, and I have read frequently since, the essay by Andrew D. White, a great man who was at one time Ambassador to Germany, and the president of Cornell University, on fiat money inflation in France. In the course of that essay he described legislation of this sort as adopted by the National Assembly of France under the leadership of Mirabeau. He tells the whole story, and it is a very mournful and depressing story.

Mirabeau made a speech in which he promised great things for his maximum prices. He almost called his project a divine thing. He was a great orator. He could use words in that way, and get away with it. My recollection is that, as Mr. White tells the story—and I can confirm my recollection by having printed in the RECORD an extract from his great essay—that the French Assembly first fixed a penalty of fine and imprisonment upon any man who should sell a commodity or any man who should buy a commodity above the maximum price. Mirabeau said that was going to settle all the difficulties of France in that revolution, in 1793. Such a man was to be fined a great sum and put in the penitentiary; but the people paid no attention to the law. They violated it, and they were fined and imprisoned; but so many violated the law that it was decided that more severe penalties should be imposed. The Assembly passed an act in which it was provided that anyone who violated the law, that is anyone who bought above the maximum or sold above the maximum, should not only be imprisoned, but he should forfeit all his property, lose everything he had; and that did not work. The people continued to buy and sell at the old prices. They did it privately, much as the American people did—not all of them, of course, but a great many—in the prohibition era. They went into bootlegging, and so forth. At any rate, the plan did not work, even when the penalty involved the forfeiture of estates and the attainder of inheritances. So the French Assembly finally passed a law providing that any man who violated the maximum-price arrangement should be beheaded under the guillotine; and the mob turned loose and hanged a great many persons from the lamp posts of Paris, and a great many went to the guillotine; but still the law did not work, and France abandoned it.

I am not saying anything about this measure. We may have a different situa-

tion; but I should like to know what assurances we have that we can fix some prices and not fix others, or that all prices can be fixed without the price of the dollar being fixed. Prices are in terms of money, but if money is variable, then the prices are variable. That is axiomatic. If the dollar is depreciating, the price is rising; and it will rise above the maximum, too, because people are unwilling to starve to death. A man is unwilling to sell his cotton for nothing. To give an illustration, I think the bill provides that cotton may go to 21 cents.

Mr. BANKHEAD. No; 19½ cents.

Mr. BAILEY. I heard the Senator from Michigan say that it might go to 21.

Mr. BANKHEAD. That is under the Brown amendment, if it shall be adopted.

Mr. BAILEY. Let it go to 19½ cents. I am using cotton as an illustration, because I am familiar with cotton. I could use tobacco as an illustration, or I could use wheat, but I think the Senate has been talked to about cotton to such an extent that all Senators know a great deal about it, so I refer to cotton.

Mr. BROWN. The Senator from North Carolina is correct; I did say that parity may have to be so readjusted that cotton could go higher under the proposed bill than under the Brown amendment.

Mr. BAILEY. I thank the Senator. But that is immaterial. Let us say that cotton goes to 20 cents under the proposal. Twenty cents a pound means a hundred dollars a bale, there being 500 pounds of cotton in a standard bale. Cotton sells at \$100 a bale, and let us suppose I have my bale of cotton, which I have made this year, which I take down to the primary market and sell for \$100. But the hundred dollars will not buy much. Now I wish to pose the problem which is troubling me. The hundred dollars which the farmer gets for his cotton will not buy a horse, assuming the horse has gone up in price to a thousand dollars. It then takes 10 bales of cotton to buy a horse, and the farmer needs a horse, or he needs a mule, or he has to buy a tractor, and the tractor has gone up in price. The prices of tractors, plow points, and other things used on the farm will increase because all the steel we can secure will be utilized in the manufacture of implements of war.

This illustrates the practical difficulty about price fixing. Prices, after all, are bound to be in terms of money. There could, of course, be barter and exchange. I could swap my horse for so many bales of cotton, or my cotton for a horse; but that is not convenient. The convenient medium of exchange is money. But if the money buys nothing, or if the money buys less, relatively, than it did, I have suffered a loss. I would not say I have been defrauded, but I have been deprived by this maximum price. So, the point of my remarks is that we might as well realize that when we go into this matter, in order that it may be effectual we must go the whole way and fix the price of everything that is currently bought, and, more important than all else, we have to fix the price of the dollar, because if the dollar varies in value, all other prices do.

Mr. BROWN. The Senator is abso-

lutely correct in that view, and I agree with him completely.

Mr. BAILEY. I wish to know whether the bill is predicated on that consideration. We cannot go halfway, we cannot pinch off a little from the price of a commodity here and a little there, we cannot pinch off the prices of a dozen.

Mr. BROWN. The bill gives an overall authority to fix prices of any commodities, with the exceptions to which I have alluded. The testimony of persons with experience in the World War administration, and the exceedingly valuable contributions made by the senior Senator from Ohio [Mr. TAFT], who was a member of the Hoover Food Administration, and whose experience was very valuable to us in drafting the bill, pointed to the selective price control system rather than an over-all system. Absolute authority is given to fix prices of all commodities, if that is found to be necessary, but it is the general assumption, based upon the experience of these gentlemen, and Mr. Henderson's own experience, that by controlling a large number of important and basic commodities—not meaning the word "basic" in the sense in which it is used in the Agricultural Adjustment Act, but basic commodities generally—it will not be necessary to control the price of every little commodity, such as articles in a 10-cent store, or women's hats, and the like, which are very difficult to price. It is felt that if the prices of basic commodities are controlled prices of all other commodities will be kept in line. But as the Senator points out—at least it is the implication of his remarks—the over-all authority is provided, and can be and undoubtedly will be used if necessary.

Mr. BAILEY. I should not like to assume responsibility for saying that we should fix the price of women's hats, but if we do not fix the price of women's hats, and they go up in price, then I will convert my cotton into women's hats, naturally, or I will convert my women's hats into cotton. That is my point. When we go into price-fixing, we have to go all the way, but basically we have to stabilize the factor in the terms of which the price is stated, which is the dollar. That is the variable factor in America at this time, and it has been variable, and that, to some extent, and I think to an increasing extent in the last year, has been accountable for the rise in prices.

Let me give an illustration, or a bit of data from a Federal Reserve bulletin which I was reading a day or so ago, I think either the January or the December number. It stated that in 1929 money, that is, the money which the Senator from Oklahoma [Mr. THOMAS] calls "check money," was circulating in this country at the rate of about \$950,000,000,000 a year. That represented the debits to private accounts, as they are called in the bank statements, that is, checks drawn and deducted from deposits in banks. That is a fair index of business activity.

In the depth of the depression the figure dropped from \$950,000,000,000 to \$340,000,000,000. That was when we had our great pause, our stagnation, our unemployment, our depression, what was

almost a hopeless situation. There were no transactions to speak of. We all remember that.

In a recent month, I think it was November, though I am not certain, the transactions reached the point of \$50,000,000,000 for the month, or at the rate of \$600,000,000,000 for the year. Evidently there are more transactions, and greater activity. We find that that is based on the expenditure of public money, not private. It represents distribution by the Government of borrowed money.

Mr. BROWN. Largely.

Mr. BAILEY. Largely; it is practically the whole case. What I am getting at is that it is proposed that we spend \$50,000,000,000 this year, according to the President's address, and according to the Budget Bureau for the Government account alone, and the total expenditure, or the national income, as we speak of it, is expected to rise above \$100,000,000,000, largely accounted for in rising prices. The actual values are not there. If cotton sells at 20 cents a pound, that amounts to \$100 a bale, which means \$100 gross income to the farmer. If cotton sells at 10 cents a pound, that means \$50 a bale gross income to the farmer. In either case the actual wealth is the same. It is a bale of cotton. Very probably we are going to have a great many transactions in this country and an enormously increased national income, but the actual wealth created will be far less.

All the war production is necessary, and I am not protesting against it. I wish we could produce more. The national security demands it. But we propose to spend \$56,000,000,000 this year, and probably more than \$56,000,000,000 next year for goods which are not wealth. Then we have money outstanding which does not represent wealth.

It represents paper, borrowed money, and wasted effort, and nothing stored up, because the munitions are shot away, and, at any rate, they are not wealth. They are usable for scrap to the extent they can be recovered.

That is the basis of inflation, and inflation is destruction. We can stand a little inflation, and we can cure it, but a great inflation is different. There have been too many illustrations of that situation in history to make it necessary for me to dilate upon the subject. The inflation during the French Revolution, the inflation in the Confederacy during the Civil War, the inflation in Germany after the last World War—they all derive from the same cause—that is, the failure to fix the price of money, the basis of all prices.

Mr. President, I see that the Senator from Michigan has before him a copy of Professor White's book. Professor White in his book comments on the fact that the French Government was so concerned about the disposition of the people to avoid the use of money and instead making use of barter, that it imposed the death penalty upon anyone who would accept payment for anything in other than the money of France. But people went to the guillotine rather than to take the worthless money of France

for their labors. It was the guillotine or starvation.

Mr. President, such is the situation with which we are confronted. That is what the proposed legislation predicates. I do not mean that the proposed legislation calls it forth, but it is a byproduct of those conditions. Those conditions are here. The proposed legislation is a mere symptom of those conditions, but it is a clear symptom. The fact that we make this effort here ought to be convincing to every one of us that we are confronted with an infinitely worse situation, inexpressibly worse, than the mere matter of preventing an unusual rise in prices or hardship to the consumer.

What we are dealing with now is an effort to prevent the prostration of our country, and perhaps chaos. I do not like to use these extravagant words. I say "prostration" and when I say "prostration" I mean "prostration," something long, difficult, black, and with all the evils of Pandora's box under its lid ready to emerge. I think we might as well deal with this situation. I am not protesting against the bill. I shall vote for the bill. I shall vote for almost all this legislation. I do not know anything else for us to do. We must be united. I am going all down the line with it. But at least I will say for my own part that, as I have thought about this bill and as I have listened to the discussion today, it has seemed to me that we might look at the whole picture, that we might undertake to head off, not the difficulties which are mentioned here, such as speculation and hoarding, but to head off the ruin which undoubtedly underlies and is predicated by the situation. That is all I wish to say.

Mr. BROWN. Mr. President, I hope the Senator will bear with me a few minutes. I should like to make a few comments along the line he has taken. No one who is responsible to the House or to the Senate for the introduction of the bill believes that it is a cure-all for the tremendous problems which face us.

Somewhat over 8 months ago, in March last, as I recall, when I had the privilege of guiding in the Senate the last public-debt limitation bill, by which the borrowing power of the United States was raised to \$65,000,000,000, my colleague [Mr. VANDENBERG] asked me whether I could state how far we could raise that limit and still avoid the dangers and pitfalls of inflation. I said then that I did not think anybody could make any predictions, but that I thought the productive and earning power of this country was sufficiently great to stand a \$65,000,000,000 debt. That amount is considerably less than the annual income of all the people of the United States, which was then from seventy-eight to eighty billion dollars.

I will say to the Senator from North Carolina that I do not think anyone who has any knowledge of the financial condition of the people and of the Government of the United States today can with any confidence whatsoever predict that inflation, with all its disaster and distress, will not reach us.

The Senator from North Carolina referred to Professor White's work on inflation in France. Those of us who come from the State of Michigan are very proud of Professor White, who for 25 years was one of the leading lights of the department of economics and history of the University of Michigan. I was not a student of his. I am not sure but that my colleague was. Professor White is a great authority upon that general subject. I know that the Senator from North Carolina did not mean that conditions in France in 1789 can be compared with conditions in the United States today.

Mr. BAILEY. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. BAILEY. I would not say that there is any special similarity between conditions in France during the French Revolution and the conditions in the United States at the present time. I was speaking of the financial aspects of the matter, and of the difficulty of enforcing the provisions of a law such as the pending measure. I was thinking of Mirabeau's maxim, and what he claimed for it. If the Senator has it, I shall be glad to read it. I do not wish to take too much time.

Conditions are similar in this sense: France had a paper money, and she continued to issue it. She claimed that it was secure. She first seized the property of the nobles and issued money against it, claiming that the money was absolutely good because it represented a mortgage. She continued to issue it, and when that property was exhausted she seized the property of the Roman Catholic Church and issued money against it. There were two names for the money. One was assignats, and the other mandats. Great things were claimed for them both. The similarity is that there was no way to fix the value of the money. The Government continued to issue it, and continued to spend money creating things that were not wealth. The result was inflation.

I believe I shall take my seat with one remark. Napoleon finally came in with his whiff of grapeshot down the streets of Paris and silenced the mob. He took charge of the city. That night some officer said to Napoleon, "Sire, with what are you going to pay your soldiers?" He said, "I will pay them in specie, or not at all." He paid them in specie. That was the basis of the French Empire. That was the first act of stabilization. That was the beginning of the end of the chaos. That wound up the Revolution even more than did the whiff of grapeshot down the streets of Paris, because there was stability.

I am thinking about the ultimate stability at which we must arrive. The bill suggests to my mind that the Congress ought to be thinking now in terms of devising, out of the experience of history, the means of stabilizing our country and stabilizing her economy and her finances, notwithstanding the necessity for bearing the burden of the whole world in a world war. We have made our country strong and great, and it is capable of

bearing the burden if we find the device. I could not find it myself. I assume that all of us together might. I am saying that the device must be found. It is important and necessary to win the war. But it is also important and necessary to find the device which will stabilize the American economy through the war and after the war.

I thank the Senator. I shall not further interrupt him.

The Senator from Oklahoma [Mr. THOMAS] says he has the device. With that I am delighted. I am going to dinner.

Mr. BROWN. I hope the Senator will remain for about 5 minutes longer.

Mr. BURTON. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. MURRAY in the chair). Does the Senator from Michigan yield to the Senator from Ohio?

Mr. BROWN. I yield.

Mr. BURTON. In response to a question from the Senator from North Carolina [Mr. BAILEY], the Senator from Michigan implied that the bill covers all commodities. I take it it covers the fixing of prices at wholesale as well as at retail.

Mr. BROWN. Yes.

Mr. BURTON. It does not freeze prices at any one particular date for both wholesale and retail, does it?

Mr. BROWN. No.

Mr. BURTON. Can the Senator tell us how the Administrator, under the provisions of the bill, would overcome the present difficulty which appears from the testimony? Wholesale prices are now high. Retail prices have not yet caught up with them.

Mr. BROWN. The Senator is correct.

Mr. BURTON. How will the Administrator be able to meet that situation and protect the retailer from the difficulty which will confront him shortly when the new wholesale prices reach him?

Mr. BROWN. I shall reach that subject shortly in an analysis of the bill, if the Senator will permit me to defer it until I say a word or two.

In the first place, I am most happy to have the Senator from North Carolina on my side. I hesitate to say anything in opposition to what he has said; but I think the fundamental difference between what was done in France and what we are proposing to do is that the French yielded to the temptation to grasp the device which I fear the Senator from Oklahoma [Mr. THOMAS] is going to propose.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. THOMAS of Oklahoma. I can assure the distinguished Senator from Michigan that I am as much against inflation as he is—or can possibly be—because I think I know of the adverse effects of inflation; but the effects of inflation are no more terrible than are the effects of deflation.

Mr. BROWN. The French yielded to the temptation to issue paper money. It was better paper money than the money which Germany issued after the World

War. It was better paper money than the money which was issued by some of the States during the War between the States, to which the Senator has referred, because by statutory declaration it was made a charge upon the property which the French Government owned and which it had seized from the so-called nobles and from the church. The French plunged directly into inflation, and their price regulation followed the conditions which were brought about by the tremendous inflation. From 1790 to 1795 the price of flour rose from 40 cents to \$45. The price of sugar rose from 18 cents to \$12.10. The price of cabbage rose from 8 cents to \$5.50. The price of 25 eggs rose from 24 cents to \$5. A multitude of other illustrations could be given. A loaf of bread cost \$9; a bushel of potatoes \$40; and a load of wood \$290. That condition was brought about because of the lack of confidence of the thrifty people of France in the new money.

I am sorry that the Senator used the term "device." I do not think he means to use the term in the sense to which I now refer. I do not think there is any "device" by which we can get out of the financial morass into which present difficulties have plunged us. I can see only one way at the present time, and I think that with some faltering steps we are following along that way.

Step No. 1 is to levy the heaviest taxes we can possibly levy upon the present income of the people of the United States.

Step No. 2 is to borrow from the people of the country. Borrowing from the banks would bring in the vicious spiral to which the Senator from Oklahoma [Mr. THOMAS] has so often referred. We should borrow as much as we can from the savings, and more particularly from the current earnings, of the people of the United States, by way of the so-called baby-bond drive.

The third step—and I am thinking of the great speech the Senator from Maryland made here about a year ago, in which he called attention to these very things—the third step is to do our utmost to cut to the bone all expenditures not only, as so many persons contend, nondefense expenditures—we have got to cut those to the limit, and yet there are limits beyond which we cannot go—but—and this subject seems seldom to be discussed—we have got to set up some kind of an agency—perhaps the one the junior Senator from Virginia [Mr. BYRD] desires to have set up is the correct one—to see to it that expenditures for defense materials and defense implements are wisely made and are kept within the bounds of reason.

I grant that it is most difficult to perform that task at the present time. The general attitude of everyone is that we must have whatever we need for defense. That is as it should be; but certainly our defense expenditures can be scrutinized carefully, and I think it would be very fine if the Congress of the United States should set up some sort of a committee by which such expenses would be scrutinized.

There are probably two or three other methods, to which I have not time at the present moment to refer, by which we can

make some improvement in this condition. But, Mr. President, I hope that with regard to the pending bill, at least, we shall not be drawn into a discussion of means or methods by which, through manipulation of money or of the value of money, we may hope to get out of the financial difficulty which confronts us.

The difference between the present effort and the effort in France in 1790 is that here we are approaching a small sector of the problem. The bill is not by any means an over-all bill; but we are trying to hold prices down. The rising of prices is one of the greatest factors in bringing about inflation; this bill will hold prices down. That is all we are trying to do. Thus the bill is a consumers' bill, designed for the purpose of keeping prices down. It is also a production bill, because if we can keep prices down we will have greater production of the necessary weapons with which we are going to fight and win this war.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. TYDINGS. A moment ago, in a colloquy with the Senator from Michigan, I understood the statement to be made that the philosophy of the bill was such that it would be possible for a situation to arise—I do not say it will arise, but under the bill it would be possible for a situation to arise—in which the prices of the things the farmer sells would be above parity compared with the prices of the things the farmer buys.

Mr. BROWN. It is possible that such a condition could exist; yes.

Mr. TYDINGS. Without going into the question of the motives of those who feel that the development of such a situation would be a way to equalize some of the burdens that agriculture has heretofore borne, let me say that it seems to me that from that very disparity, so to speak, if continued over a long period of time, there might conceivably flow a great many evils. For example, suppose the price of farm products stayed 10 percent or 15 percent above parity for a period of 3 or 4 months, and wages have been pretty well stabilized, as well as the prices of industrial products. The men who work in industrial plants must, of course, spend their wages primarily for food, which is the largest item in the family budget. I am wondering if the fact that agricultural prices would long remain above parity would not put those men in such a position that they could with justice claim that food prices must come down or else they must have more money in order to make ends meet. Do I make my point clear?

Mr. BROWN. I think the Senator is correct, and I think what he suggests is a very definite probability.

Mr. TYDINGS. Although I do not say that will happen, nevertheless it seems to me that, while we are drawing a price-control bill, we are leaving just enough of a loophole in it so that the whole structure may ooze out and get out of control, because, perhaps, or conceivably, there will be a disparity between the purchasing power of the great mass of industrial workers and the prices they must

pay to acquire the food they have to have.

Mr. BROWN. The purpose of the bill is to try to keep the movement from being one of each getting ahead of the other for a short time, and finally all getting out of bounds.

Mr. TYDINGS. That is true.

Mr. BROWN. The purpose of the bill is to prevent such a result.

Mr. LEE. Mr. President, will the Senator yield?

Mr. BROWN. I will yield in a moment. First, let me say that in preventing the development of such a situation as the Senator from Maryland suggests we are dependent not upon statutory language that we can write into this bill, but upon a hard-boiled and efficient administration of the bill, one which I think the present Price Administrator said would make the Price Administrator the most unpopular man in the history of this period.

Mr. TYDINGS. Of course the Senator put his finger right on the point. The way the bill is drawn, if it is wisely and humanely and properly administered, the matter of whether there exists any such clause as we have just been discussing is out of the question.

But I still want to leave with the Senate the thought that the loophole does exist; and when men are working in one section of the country at a lower standard, in a time of great emergency, high taxation, and great stress, and other men in a similar situation are working on a seemingly higher standard there is afforded cause for agitation and for a just desire to bring about the adoption of means to take those who are below parity up to a point where parity will be established.

I shall leave the matter with the thought that if we pass the bill in its present form the time will come when we shall have to close the loophole; because to me it is perfectly inevitable that with the high degree of taxation which will be inflicted this year on men who are not receiving wages in keeping with the general prosperity level, in many cases they will complain to us—and rightfully so—that they are being forced to operate on a lower plane than that on which men in another part of the country are permitted to operate. Unless we meet that situation by an increase in wages, which in turn may drive agricultural prices up again, it seems to me that the benefit which we assume we are conferring on the farmer will be illusory; because we shall create a great many economic difficulties unless the bill is wisely administered by the two men who have the say.

Mr. BROWN. The Senator appreciates that it is one of the purposes of this bill to attempt to bring the prices subject to control under the bill into some proper relationship with each other. The standards set forth in the bill are designed to accomplish this end.

Mr. LEE and Mr. LA FOLLETTE addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Michigan yield, and, if so, to whom?

Mr. BROWN. I yield first to the Senator from Oklahoma.

Mr. LEE. The Senator from Maryland [Mr. TYDINGS] has made his argument on a big "if." He has made it on a hypothesis the Senator from Michigan [Mr. Brown] said is probable, which is that there might come a time when the price the farmer receives for his commodities would be greater than the relative prices the manufacturer and others receive for their commodities. I say that is a very big "if," because there is no logic or reason for a ceiling on commodities of which there is a surplus. It is only in the case of a commodity of which there is a shortage that there is a possibility of injustice being done which necessitates a ceiling being placed on the price. With very few exceptions, there is now not only a surplus of farm commodities, but there is every probability that the surplus will continue, if not increase, under the normal prices that result, due to a gradual climbing up, which everyone concedes will happen even with the strictest control which Congress may provide. Therefore the probability of farm prices getting out of line is nil when we are producing surpluses, and there is no reason for putting a ceiling on farm commodities of which we have a surplus. The only reason for it at all is that in wartimes certain things are needed for war purposes; a shortage is created so far as civilian consumption is concerned, and therefore it is necessary to replace the law of supply and demand with a law of artificial control. That is why we consider this measure, but in the field of agriculture where there is now a surplus and the possibility of a continuous surplus there is no reason for such a ceiling with respect to the farmer.

The Senator from Michigan [Mr. Brown] has just pointed out, as he did once previously, the tremendous profits which were made by business of all kinds in 1941. I remember when this body rejected a proposed amendment on the last tax bill offered by the Senator from Wisconsin [Mr. La Follette]—an amendment which I supported—which would have provided an excess-profits tax that would have recovered some of the profits, but the Senate rejected that amendment.

The only time the farmer gets a break is in inflationary periods. Ever since I have been in this body we have been talking about doing something to give the farmer not parity but 60 percent of parity or 62 percent of parity or 80 percent of parity or 85 percent of parity, but never parity. Now there is a bare possibility that, although he is producing a surplus, he might, for once, get a break and get parity; and even if he went beyond parity he would not make up for the lean years in which he did not get parity. If there were any shortage of farm commodities that makes it necessary to take this step to further the war effort, I would be the last one to oppose it.

Mr. TYDINGS. Will the Senator from Oklahoma yield to me there, with the permission of the Senator from Michigan?

Mr. LEE. I yield to the Senator from Maryland, with the permission of the Senator from Michigan.

Mr. TYDINGS. I am not altogether in disagreement with what the Senator is saying, but I wish to point out how difficult it is for all of us who have even a modicum of imagination sufficiently to meet the years 1942 and 1943 in the kind of unparalleled situation with which we are confronted.

Only yesterday the President, in addressing the Congress, set forth his program involving an expenditure of \$56,000,000,000 in 1942, and pointed out that 75,000 of a certain article would be made, and 45,000 of another, which we are not now geared, either in personnel or plant to make, be made. It is conceivable in this kind of program, such as the world has never before witnessed, that the farmer will not have the help he now has. The draft is sucking his men away on the one hand, and industry is taking them away on the other. It is likewise conceivable that that condition will apply to China, to Great Britain, and to many other nations on the face of the earth, and that as armies increase there will be more people to feed on the efforts of fewer people to produce. It is also perfectly conceivable that the United States will have to become not only the arsenal of democracy but the bread basket of democracy, so that we can continue this war with due efficiency down to the time of victory.

I am not looking at the thing as it exists today; I am not looking at the naked justice of conditions as they existed in the past or exist today. I am trying only to ascertain what this loophole may mean in the future, in terms of economic and industrial unrest, which, to a large extent, may undo the program which we are trying to inaugurate. I do not say that the farmer will take advantage of it or that the Secretary of Agriculture will fail to administer his duties properly; I am simply pointing out that if we close the door except for a little crack the crack may come back to plague us unless we put definite machinery in operation.

Mr. LEE. Mr. President, will the Senator from Michigan allow me?

Mr. BROWN. I wish to give the Senator from Oklahoma a couple of facts; then I will yield at once.

Mr. LEE. Let me answer the Senator from Maryland first.

Mr. BROWN. I want to give the Senator from Oklahoma a few facts which I think he should have.

The Senator is entirely correct in his view that the present indications are that it will be some time before agricultural prices reach 110 percent of parity. I wish to read from the testimony of one whom I consider to be the best expert upon that subject—namely, former President Hoover. Senator BARKLEY asked him a question about the situation, and Mr. Hoover said in reply:

My own feeling is that the question of putting a ceiling higher than parity is more or less academic, because the Department with all of its pushing up of the floor has not been able to get up to parity yet.

Then he goes on at some length to point out that it is unlikely that, for some time, at least, the floors we are talking about will have to become effec-

tive, which is in line with the statement made by the Senator from Oklahoma.

Mr. LEE. Mr. President, not to answer the Senator from Maryland but to point out that he made a very effective speech in support of my point, for if we are to become the breadbasket, then, if we limit the price the farmer may get for his commodities, it may become necessary artificially to stimulate his production.

Mr. TYDINGS. Will the Senator yield there?

Mr. LEE. Not as yet; let me finish.

But if the time should come when the surplus is being used up, judging from the last war, the farmer himself will increase his production, the price being the incentive; and that in itself would prevent us from ever scraping the bottom of the flour barrel, because it would work automatically. Thereby the Senator himself has furnished a good argument why we should not place an artificial ceiling on the prices of farm commodities, because we might create just that possibility whereby we would have a shortage; and then the Government would have to turn to the farmer and, by artificial methods, increase his production.

Mr. BONE. Mr. President, will the Senator yield to me?

Mr. BROWN. I yield to the Senator from Washington.

Mr. BONE. There is one aspect of this problem which has interested me very much, and which I have not seen touched on in any of the arguments relating to price controls.

Under the program outlined by the President yesterday, and the program which we know we are going to have to meet in this country, the Federal Government will be the biggest buyer of commodities—a bigger buyer than all the rest of our people. So, obviously, if there is anything in the demand factor that contributes to price, the tremendous and exigent demands of the Federal Government will be the biggest factor in the control of prices—if, as I say, demand is a factor in price control.

As I have read this bill hurriedly, nothing in it touches the prices the Federal Government shall pay, because they are regulated largely, if not exclusively, by contract. So the biggest buyer of all under the American flag now is not regulated except as our purchasing agencies regulate price by contract; and if the contracts are improvidently drawn, if they are drawn carelessly and in a sloppy fashion, we may find the Government outrageously mistreated in prices, and the only way we could get at that would be by tax levels that we might establish through our tax laws. Of course, the incidence of price outside probably would have something to do with the bid prices in letting contracts; but it would have a rather remote sort of association with the main problem.

Mr. BROWN. In answer to the Senator from Washington, I should like to say first that nothing in the bill would prevent the Administrator, as a theoretical matter, from fixing the prices of articles which the Government buys as under contract. But as a practical mat-

ter, since the general public is not concerned with the price of planes and tanks, it is not expected that the Administrator will exercise authority in such fields. By fixing the prices of the commodities which go to make up the articles the Government buys, the prices of these articles will be kept down. That is just where I differ with the Senator from Washington. I think that the prices fixed in Government contracts, except for the profit element, are pretty largely determined by the prices paid by contractors and subcontractors for the raw materials and commodities which go into the products sold to the Government. If we can keep down commodity prices generally—the price of ore, the price of copper, the price of trucks, and so forth, then, naturally, the Government contracts will not call for as high prices as they will if prices of these commodities go up. It seems to me that is the really fundamental thing in the picture.

The Senator heard me say, I think, that inflation, so-called, in the World War cost us \$13,000,000,000 of the \$31,000,000,000 spent, and in this war will cost us a similar if not a much greater sum if prices are permitted to go unrestrained. But it seems to me that what the Senator is pointing out is that the Government agencies that deal with these contracts may possibly be recreant in their duty to see to it that the Government pays no more than fair prices; but fundamentally these prices are based on the prices of commodities which will be controlled by the Price Administrator.

Mr. BONE. Of course, I am in sympathy with the purpose of this kind of a bill, and I realize that that connection exists—that there will be some definite relationship to prices set up under a bill of this kind, and it will have a bearing on contracts—but the Senator has pointed out a thing of which we are all conscious, and that is the fact that tremendous profits have been made. I know of one concern that turned back some profits because in good conscience, it said, it could not keep them. I think there is something tragically wrong when such a confession as that is publicly made by a private outfit. It was on repair work, as I recall. I cannot imagine a more terrifying thing than an uncontrolled inflation, because it would visit the wrath of God on the people of this country. In other words, we should have a 33½-cent or a 50-cent dollar in buying the things we needed in the war; but after the war was over, at a time when America was depressed and plagued and bedeviled by innumerable problems, we should have to pay off the debt in 100-cent dollars, and that would be a tragedy that might overwhelm the Republic.

I do not see how any one can object to control of some sort that we agree to be reasonable and feasible. I suppose wages are left out of the bill upon the theory that if we control prices there will be no justification for strikes, and since the labor organizations have agreed not to strike during the war they would find no justification for striking when price levels were reasonable and decent. Is that the theory? I see that the Senator from Maryland [Mr. TYDINGS] indicates his assent by nodding.

Mr. TYDINGS. Mr. President, I did not refer to that subject directly, but that was the point I was trying to make; namely, that if we are to expect labor to remain on a parity with present-day conditions and not ask for more money, we must likewise give labor the right to buy the things they must have with the wages they make at somewhere near the existing level; and unless we put the lid on fairly, and eliminate all the loopholes, we shall have an economic revolution boiling right under our ceiling that may blow a hole through it.

Mr. BONE. The assumption, I take it—and I suppose we may all indulge it—is that if prices are fixed at reasonable levels, if the cost of living is adjusted at reasonable level, considering all things, then labor will be satisfied, and we shall get the best results all around that we can get.

Mr. TYDINGS. That is correct.

Mr. BROWN. Mr. President, I will add one further thought to that, and that is that it was the general view of the witnesses, including one of my favorite authorities on price control—former President Hoover—that price control in itself places some ceiling on wages, because in the manufacture of any commodity prices naturally limit the amount of money available for wages. The only fight there can be is beneath the level of those prices, for the share that goes to the manufacturer and the share that goes to labor; and, with respect to that situation, we feel that the agreements made, which we must assume will be in good faith carried out, and the arrangements made for conciliation, mediation, and so forth and so on, will take care of that problem. But the strongest control of all in this bill is the control over prices; and that control over prices—as was I think, quite generally agreed to in the committee—is an effective control over the wages that go into the make-up of the cost of the commodity in question.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. BROWN. I yield to the Senator from Louisiana.

Mr. OVERTON. There is a great deal in what the Senator from Washington [Mr. Bone] had to say, but I do not understand that the bill undertakes to regulate contractual obligations, either public or private. Therefore, whether a contractor is contracting with the Government or whether he is contracting with industry, or whether he is contracting with some individual, he may stipulate just what price he will charge for his services under the contract; and the bill does not undertake to regulate contractual relations, with one exception, and that is in relation to the rent of real estate for housing purposes in defense areas.

Mr. BROWN. I was about to come to that phase of the matter.

Mr. OVERTON. But am I right about that? Does the bill undertake simply to regulate the price of commodities without going any further than that?

Mr. BROWN. The Senator from Louisiana perhaps has exactly the same idea that I have and that is expressed in the bill. There is no retroactive authority under the bill to affect deliveries prior to

the date on which a ceiling is established. As to the future, the Senator and I could not make an agreement for cotton or some other commodity at a price in excess of any maximum under the bill. No two parties to any contract, whether made before or after the enactment of price legislation, can contract themselves out of regulation by the Congress. They cannot agree between themselves that their prices shall not be regulated. If that were permitted, there could be no price control. Buyers and sellers, this week or later, would enter into contracts of sale; the damage would be done. For the high costs of these unregulated prices would then enter into the entire price structure, even after the enactment of price regulation. It is not just a matter of regulating over-the-counter buy-and-sell prices. It is a question of regulating any relationship in which price is a factor.

Mr. OVERTON. That is, the price of commodities, but not the price of labor or services.

Mr. BROWN. Oh, no; the Senator is right about that.

Mr. OVERTON. Not the prices a contractor would charge.

Mr. BROWN. The Senator is right; the bill applies only to commodities as that term is defined.

Mr. McCARRAN and Mr. LEE addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Michigan yield; and if so, to whom?

Mr. BROWN. The Senator from Nevada [Mr. McCARRAN] has been on his feet for some time. I yield first to him. Then I will yield to the Senator from Oklahoma.

Mr. McCARRAN. Mr. President, I hope my question may be applicable to the last remark made by the Senator from Michigan; and I wish to draw the Senator's attention to the language on page 22 of the bill, commencing on line 7:

It shall be the policy of those departments and agencies of the Government dealing with wages (including the Department of Labor and its various bureaus, the War Department, the Navy Department, the Office of Production Management, the National Labor Relations Board, the Railway Labor Board, the National Defense Mediation Board, and others), within the limits of their authority and jurisdiction, to work toward a stabilization of prices and cost of production.

Taking the portion of the sentence before the parenthesis—"It shall be the policy of those departments and agencies of the Government dealing with wages, within the limits of their authority and jurisdiction, to work toward a stabilization of prices and cost of production"—I am at a loss, and those who are interested in this phase of the bill seem to be at a loss, to determine exactly what the committee sought to accomplish by that language. Do they seek to give authority to the various agencies of the Government to bring about a given wage scale, or to establish wages, or to regulate wages, or to put a ceiling on wages?

Mr. BROWN. We do not; and I may make a few remarks on that point. First,

I call the attention of the Senator to the definition on page 49, line 17:

Nothing in this act shall be construed to authorize the regulation of compensation paid by an employer to any of his employees.

That is a specific and clear prohibition against fixing wages. However, it was felt by some that there should be a general declaration in the proposed statute that the policy of the Government agencies dealing with wages should be to do all in their power to aid in the task of stabilizing prices and the costs of production, but having due regard to rises in the cost of living and other relevant factors.

Mr. McCARRAN. I am wondering why the peculiar language was inserted.

Mr. BROWN. Because, as I have said, it was felt that there should be a general legislative declaration that we were trying to stabilize the prices of commodities, mainly produced by labor, and the costs of production.

Mr. McCARRAN. That is exactly what we thought the committee may have had in mind, but with that in mind, would it be within the power of the agencies named, or any of them, to say, "Well, Congress authorized us, working along this line, looking to the fixing of prices, to reduce wages so as to bring about a certain price level"?

Mr. BROWN. I do not think such an interpretation could be made, and I have something along that line which I shall read later in my remarks. I should like to point out at this time, however, that the bill expressly says that these Government agencies shall work within the limits of their authority and jurisdiction. The bill grants no additional authority.

Mr. McCARRAN. I thank the Senator.

Mr. BROWN. Now I yield to the Senator from Oklahoma.

Mr. LEE. In line with the point just mentioned, as between the cost of farm commodities and the cost of labor, which affects the price of war materials the most? Is it not the cost of labor?

Mr. BROWN. The Senator can answer that question as well as I can.

Mr. LEE. It answers itself. Certainly labor enters more largely into the cost of war materials than do the costs of farm commodities.

Mr. BROWN. That is probably true.

Mr. LEE. Yet here is a bill which proposes to fix a top price on farm commodities, on the theory that we are to lower the cost of war materials to the Government, and in the same bill it is made definitely clear that we not only do not fix a ceiling for the cost of labor, but from such phraseology as that just pointed out, it appears the power does not exist to do that.

I am not arguing that we should write into the bill a provision to fix the cost of labor, but I point out the difference as between the two groups. There not only is not a surplus of labor in this country, but there is a shortage of labor, which will become more and more acute. But in the case of farm commodities, there is not only not a shortage but there is a surplus, which in all probability will be increasing, thereby regulating the price, but labor, which contributes most to the

production of war materials, is exempted, and there is a shortage, and the shortage will be greater as we proceed. But here is the other group—the farm group—which produces commodities, very few of which, and very small amounts of which, go into the actual production of war machinery, and there is a surplus of them, with a possibility of it being tremendously expanded, yet they are brought under the bill. I do not understand it.

Mr. BROWN. Certainly the Senator would not contend that war implements are more important than food. Both are absolutely vital to the prosecution of the war. But I do not wish to enter into that particular controversy at this time. It may come up by way of certain amendments which will be proposed. But I feel it my duty to the Senate to cover briefly those parts of the bill which have not yet been discussed. I shall go over them rapidly.

Mr. McNARY. Mr. President, there are a number of questions having to do with various provisions of the bill which I wish to propound to the able Senator. I do not desire to ask the questions now, if the Senator is tired and desires to rest.

Mr. BROWN. I should like to conclude my statement regarding the particular sections of the bill; then I shall be glad to take up the other matters.

Mr. McNARY. I am advised that the Senator from Ohio desires to take the floor; and with that understanding, I advise the Senator that I wish to ask him some further questions.

Mr. LA FOLLETTE. Mr. President, would the Senator care to yield so that I may suggest the absence of a quorum?

Mr. BROWN. I think I can conclude in about 10 or 15 minutes; but I thank the Senator for his consideration.

A subject matter which has had no discussion whatsoever is the rent-control feature of the bill. Briefly, rentals are based, where the Price Administrator has jurisdiction, on the rents prevailing during the period which he conceives to have been a fair rent period, some time prior to the time when the rents were fixed, and at a time when defense activities had not yet affected rents, but not further back than April 1, 1940. The Administrator is not authorized to act unless the area to be affected is what is termed by the bill as a "defense area," nor is he authorized to act unless the local authorities have fallen down in the matter of rent regulation. Then he must issue declarations setting forth his recommendations, which are similar to statements of considerations which accompany price regulations, but less detailed in that they contain only a statement as to the necessity for regulation, and the Administrator's recommendations.

Mr. BONE. Mr. President, will the Senator from Michigan yield?

Mr. BROWN. I yield.

Mr. BONE. I am tempted to propound an inquiry at this point, because the rental question has been discussed from many angles since this price-control proposal first arose. I am wondering why rent control should apply to so-called defense areas only, because the impact of rent on the worker is as widespread as

the area of the country itself. In an all-out total war, in which all are engaged, everyone feels the impact of taxation and the increase in the cost of living. Why is it more important to the maintenance of morale or the protection of the people involved in the all-out effort to give consideration only to defense areas? I am not complaining of it; I am merely inquiring. I cannot see that one man is any more entitled to protection than another.

Mr. BROWN. Under the ancient and almost forgotten doctrine of States' rights, we feel that we should apply rent control only to those areas where the defense activities of the Federal Government cause pressures on rents. We think that in all other areas the matter should be left to the States. That is why the bill is drawn as it is.

Mr. BONE. I cannot imagine any more potent provocation to a demand for more wages or of readjustment of wage scales than an abrupt rise in rent. If a wage earner's rent goes from \$30 to \$60 a month, he is out of pocket \$30 a month. If he does not live in a defense area, he is just as badly hurt as one who does, and certainly if there be any justification for this proposal, I doubt if the Federal courts could be looked to to draw a line between the two classes.

Mr. BROWN. The Senator is correct, but we felt as a congressional committee that we had better leave to the State authorities the control of rents in those areas in which defense activities do not threaten rent increases.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. TAFT. I wish to suggest that the control of rents is an infinitely complicated matter. Practically every single apartment and every single house is different from every other one. Rents move slowly, as a rule, unless there is some extraordinary defense activity in the locality, and it would seem that the matter was not sufficiently important to justify the tremendous amount of labor and activity and paper work that would be necessary to control every rent in the United States. That was the reason it was not included.

Mr. BONE. If I may make a suggestion, I realize the force of what the Senator has said, but the control would be precisely the same as it would be in the case of a physician controlling tuberculosis in my home and another controlling tuberculosis in a home in Pittsburgh. The formula would be the same in either case.

Mr. TAFT. No, I think there is no formula. Commodity control is from a central point, but when it comes to controlling rents practically every individual unit is different from other units.

Mr. BONE. Mr. President, we have that same problem, I suggest to the Senator from Ohio, in the city of Washington. There would be this infinite variety with respect to rentals existing here, and it would exist in Pittsburgh, and in Philadelphia, and in Chicago, and in every other city. If any kind of hurdle is permitted to hold us back we would never accept a formula anywhere.

Mr. TAFT. Whenever the emergency arises the locality can always take care of the situation. The Administrator does not want to be obliged to regulate rents at any place if he can help it. If the emergency arises and there is any serious increase in rents there will be local legislation enacted to take care of the situation, such as that provided in the District of Columbia.

Mr. BONE. Mr. President, there is a great Army post near my city of Tacoma, and many Government activities are located in and about the city. Presumably it would be declared a defense area if this bill became law. But there are other cities in the State of Washington, where the landlords might do what they pleased with rents within the range in which they could operate, and the people in those cities might say, "Why are we not given the same protection that the people of Tacoma are receiving? Our rents have gone up \$25 a month, but in Tacoma people now are paying the same rents they did 6 months ago." I raise that question. I know there is no formula that will do justice all around.

Mr. BROWN. Mr. President, the State government is competent to take care of that situation. The Federal Government has nothing to do with it unless Federal activities bring about higher rentals. I think it is in line with the policy we ought to follow to leave matters that are primarily State matters to the States, and not attempt to interfere with them through the Office of Price Administration. The Price Administration will have plenty to do without undertaking that job.

Mr. BONE. Mr. President, the rental situation exists; it is going to be a splinter under your finger. People are going to quarrel over that matter. If one attempts to justify the situation by saying that the Government can control rentals in one city, but cannot control rentals in another city 50 miles away, the people in the latter city are going to look at the situation with a very jaundiced eye. If the powers of the Federal Government can be applied constitutionally and legally in one community in a State which is given over to national defense, by the same logic its powers can be applied to another community in the same State.

Mr. BROWN. Mr. President, the next subsection, subsection (e) on page 27, is one of the least discussed and most important provisions in the bill. It grants to the Price Administrator the right to buy and sell commodities for the purpose, first, to increase production, and, second, to control prices.

Mr. McNARY. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. McNARY. I do not want to prolong the Senator's statement, but he is now referring to a matter which I want to discuss with him probably more at length than he would wish this afternoon. The Senator is speaking now of the question of the authority proposed to be granted to the Administrator to buy or sell commodities in order to insure production. That is quite an important topic.

Mr. BROWN. The provision goes a little further than that.

Mr. McNARY. It is quite an important topic. I know the Senator desires to conclude his remarks, but if he is willing I should like to have him reserve discussion of that matter to another day.

Mr. BROWN. Very well. I shall briefly tell what the subsection covers. Originally it was intended to take care of the case of the marginal producers. The commonest illustration is what was done in the case of copper. The price of copper has been fixed at 12 cents a pound, at which price the great bulk of the copper output can profitably be produced. It was discovered, however, that in certain mines in the country, which accounted for a small percentage of the copper output, the cost of getting the copper out exceeded 12 cents a pound. In view of the serious copper shortage in this country we need every ton we can get. The Government decided to purchase the output of these mines at prices exceeding 12 cents. I believe the price to be paid is about 15 cents. In this way their production was maintained and at the same time the 12-cent price was maintained for the bulk of the output. It can readily be seen how much more preferable it is to take such a course than to allow a general increase in the price of copper to 15 cents, which would result in very large profits to the low-cost mines which now dominate the market. The bill specifically authorizes the continuation of this policy and permits its application with regard to the marginal production of agricultural commodities.

I see the Senator from Wyoming [Mr. O'MAHONEY] is on his feet. If the same situation arose with respect to beef, there is no doubt that the Administrator would have the right to encourage the production of beef by the use of the powers granted him under this subsection.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. O'MAHONEY. I sometimes think of other commodities besides beef and sugar. I rose to ask the Senator by whom the purchase of copper, to which he was just referring, was made?

Mr. BROWN. I was about to cover that point.

Mr. O'MAHONEY. What I am referring to is whether the purchase of commodities for the purpose which the Senator just described, should be made by the defense corporation set up for the purpose of acquiring commodities, or whether it should be made by the Price Administrator.

Mr. BROWN. We have heretofore given the authority to purchase strategic and critical materials principally to agencies in the Reconstruction Finance Corporation. Therefore, we have provided in this subsection that for purposes of this bill strategic and critical materials shall continue to be purchased only by such agencies and not by the Price Administrator. He is confined to materials other than strategic and critical materials, but is authorized to make recommendations to the R. F. C. concern-

ing the purchase of strategic and critical materials.

The committee bill goes beyond the House bill. The House bill authorized the Administrator to buy only from marginal producers of commodities. We extended the power, and we did so largely because we thought it was necessary, in view of the great events which occurred on December 7, after the House bill was passed and just before we began our hearings, to include the authority to buy commodities necessary to stimulate production or to prevent unwarranted price increases. We feel that this authority is essential if the bill is to be effective.

Let me hasten to say also that the limitation contained in the agricultural section is with respect to floors below which the Price Administrator may not go in fixing prices. The provisions of the Agricultural Adjustment Act of 1938 and of the Tariff Act are limitations upon the power of the Administrator to affect prices by buying and selling. In other words, the Administrator may not buy or sell commodities so as to bring prices below the floors established by section 3 of the bill. If the Administrator buys any agricultural commodities under the provisions of this section, he may not sell such commodities at prices below those specified in the agricultural section of the bill. Thus the Administrator could not buy from the general public for the purpose of lowering the price of cotton or any other commodity. He may buy for the purpose of encouraging production and affecting prices so long as his action does not go below the limitations established by the bill.

Section 3 is the agricultural commodity section, which we have thoroughly discussed.

Section 4, on page 30, relates merely to administrative matters which are of no particular general interest.

Mr. LUCAS. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. McFARLAND in the chair). Does the Senator from Michigan yield to the Senator from Illinois?

Mr. BROWN. I yield.

Mr. LUCAS. With respect to the power which is delegated to the Administrator to buy and sell, which the Senator was just discussing, would the bill give the Administrator the power to buy from the Government, so far as certain surplus commodities are concerned?

Mr. BROWN. We discussed that question very thoroughly in the committee. That was a point upon which there was not complete agreement for some little time. The Secretary of Agriculture himself appeared before us, and it was the judgment of the committee that the Administrator should determine whether it is necessary to buy commodities from Government corporations such as the Commodity Credit Corporation. But, of course, it would still be solely under the control and authority of the Secretary of Agriculture or the directors of the Commodity Credit Corporation or any other agency of the Government to determine whether they would sell. But the real point is that any such commodities bought

by the Administrator could not be sold by him at prices below those which are specified in section 3 of the bill. He must comply with section 3 regardless of where the particular commodities came from.

I may say that these provisions of the bill were agreed to by the general counsel for the Administrator in the discussion which was had.

Mr. LUCAS. If I correctly understand the Senator from Michigan, it would be a matter of the meeting of minds as between the Secretary of Agriculture and the Price Administrator as to whether they would buy or sell as between themselves.

Mr. BROWN. That is correct.

Mr. LUCAS. If the Price Administrator should determine that he needed certain basic commodities to carry out the program, and the Secretary of Agriculture should agree with him, and they could agree on the price, the sale could be made.

Mr. BROWN. Yes; but, of course, this section relates mainly to purchases from private parties.

Mr. LUCAS. I understand that; but it is the exception with which I am trying to deal. I am tremendously interested in ascertaining just how far governmental agencies may deal between themselves in buying and selling. I am especially interested in the prices they will be able to pay, and whether, under the terms of the bill, such prices might have a tendency to drive down the market prices of the basic commodities. I am extremely interested in that question.

Mr. BROWN. The Senator must recall that, as I have explained before, driving down the market price, to which he refers, assuming that the Price Administrator should desire to do so, is limited by the floors we have established in the bill.

Mr. LUCAS. I appreciate that.

Mr. BROWN. All this section does is to say that the Price Administrator may buy. He may buy from private individuals. He may buy from the various Government corporations. Whether they sell is up to the private individuals and to the directors of the Government agencies.

Mr. LUCAS. I can appreciate that. The point I am attempting to make is that such action has been taken by the Secretary of Agriculture. We have surpluses in wheat, cotton, and other commodities. It is my understanding that the Secretary of Agriculture has sold certain basic commodities below the market prices. He claims that he has authority to do so under the present Agricultural Adjustment Act. I contend that he does not have that right. I contend that it was never the understanding when the Agricultural Adjustment Act was passed that surpluses should be thrown on the market at less than the market prices or less than the percentage of parity upon which we have agreed. Nevertheless, that has been done, to the detriment of certain basic agricultural commodities. I understand it has not been done in the case of cotton, because the cotton producers of the South and Senators and Representatives interested

in cotton vigorously protested to Mr. Wickard that he should not release the cotton which is in storage, and he has not done so.

However, he has done so with respect to certain other basic commodities. What I want to know is whether, under the terms of the bill, the Price Administrator would have the authority to go to the Secretary of Agriculture and deal in the basic commodities at prices lower than the market prices at the time, or lower than the prices fixed in the bill.

Mr. BROWN. He could not buy to effect a market price below the floors or limitations fixed in the bill. There is no question about that. That is definite.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. BANKHEAD. Permit me to suggest to the Senator from Illinois that, in my judgment, he has raised a highly important question, about which there has been a great deal of concern and anxiety in many quarters among the farm group, not only with respect to cotton, wheat, corn, and tobacco, in which there are surpluses in the possession of the Government, but with respect to other commodities.

I ask the Senator if he does not think it would be desirable to offer an amendment to prevent two agencies of the Government getting together and making trades of that sort which would have the effect of depressing the prices, as he pointed out, below the level to which the bill seeks to permit the law of supply and demand to carry prices. I suggest to the Senator for his consideration an amendment to prevent the sale by any agency of the Government to any other agency of the Government at a price lower than the parity price, or the level of 110 percent as of October 1, fixed in the bill.

Mr. LUCAS. Mr. President, I appreciate what the Senator is saying in respect to the basic commodities. So far as I am concerned, I will say to the Senator from Alabama that I do not wish to place such power in any individual by this bill. If necessary, I wish to take from the Secretary of Agriculture, who apparently seems to think that he now has it, the power to make disposition of certain surplus basic commodities for domestic purposes at any price he sees fit, notwithstanding what the market price may be, or notwithstanding where the ceiling may be fixed in this particular bill. He has taken that position; and, as I understand, he has made disposition of certain surplus basic commodities at prices lower than the market prices. We can readily understand the result of such a situation.

Mr. BANKHEAD. I understand that very recently he sold a great deal of wheat at a price lower than the market price.

Mr. LUCAS. That is correct. I do not care how much wheat he sells to a foreign country at a price lower than the market price in this country, because we are subsidizing foreign countries, anyway. What I am contending is that he has no right, under the law or under the understanding we had when the Agri-

cultural Adjustment Act was passed, to make disposition of the surplus crops that are in storage in this country to the detriment of the price of the commodity at the particular time. As I view the matter, as a result of what he is doing in so making disposition of the commodity, he is driving the price of the commodity down instead of permitting it to rise. I do not know just where the amendment should go in; but I am in favor of an amendment to the bill to prohibit the Secretary of Agriculture from making disposition of surplus commodities that are in the bins, granaries, warehouses, and other places at the present time, at below the market price or below the price that is set in this bill. I think that is fair to the American farmer.

Mr. BROWN. Mr. President, I am here representing the Senate Committee on Banking and Currency. Both Senators who are engaged in the discussion are members of the Senate Committee on Agriculture and Forestry. That committee has general authority over legislation respecting the Secretary of Agriculture; and I think it would be much better if the two interested Senators would discuss the matter in the Committee on Agriculture and Forestry and not require me to make an extensive investigation into the subject matter, to see what I am doing to the Secretary of Agriculture. He evidently thinks I am not giving him what he ought to have at the present time. I do not want to engage in any further controversy over the matter.

Mr. LUCAS. I do not want to take the Senator away from the real subject matter; but it seems to me that when the Senator says that under the terms of the bill the Price Administrator could buy from the Secretary of Agriculture, and the Secretary of Agriculture could sell—

Mr. BROWN. I do not say that. I do not say that we give the Secretary of Agriculture any authority to sell.

Mr. LUCAS. No; I do not say that either. But it is proposed to give the Price Administrator the right to buy.

Mr. BROWN. That is correct.

Mr. LUCAS. He would have authority to buy from either an individual, a corporation, or the Government.

Mr. BROWN. If they now have the authority to sell.

Mr. LUCAS. That is correct. They take the position that they have the right to sell, because they have already sold. If they can do that I say that a very interesting and serious question is involved in the bill. That is exactly what the Secretary of Agriculture is doing; and it seems to me if it is to become a part of this legislation we should at least discuss it, perhaps, in the Senator's time.

Mr. BONE. Mr. President, assuming that the bill authorizes interdepartmental trafficking in commodities such as wheat, is it the view of the Senator from Michigan that the text of the measure has the effect of establishing what he has designated as a floor on prices and also a ceiling on prices, when the ceiling is determined by the Administrator? To go a step further, if that be

true, does not that fact answer the query of the Senator from Illinois?

Mr. BROWN. I am not sure that it does.

Mr. BONE. I am curious, and I should like to know; because if the floor and the ceiling are established, that answers the question.

Mr. BROWN. If no action is taken by the Price Administrator, the agricultural prices may go where they will under the law of demand and supply. If the Administrator undertakes to exercise control over such prices, then he may not fix the prices below certain limitations, which I think I have fully explained to the Senate.

Likewise—and this is the important point—if he undertakes to exercise his power to buy or sell for the purpose of affecting the prices of agricultural commodities, he is limited by the provisions of section 3 of the bill establishing floors below which he may not go.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. BARKLEY. If I correctly understand the Senator, if the Secretary of Agriculture, under the Agricultural Adjustment Act or any other authority which he possesses, desires to dispose of cotton, wheat, corn, tobacco, or rice which the Government may have on hand, and sells these commodities to the Price Administrator, the Price Administrator, in turn, may not sell them at prices below those fixed in the bill as a floor, which would be 110 percent of parity.

Mr. BROWN. The Senator makes an excellent illustration; that is the fact.

Mr. BANKHEAD. There is nothing requiring the Secretary to put the price up to the level of the ceiling prices fixed in the bill. In short, he could sell for whatever price he wanted to sell, except with respect to cotton; in the Agricultural Adjustment Act of 1938 a limitation is placed on cotton.

Mr. BARKLEY. It would be thoroughly inconsistent for us to establish floors below which the Price Administrator may not go in establishing maximum prices, and at the same time permit him, by manipulation with another governmental agency, to beat the price down below what we say is the floor. That certainly would be an inconsistent exercise of authority.

Mr. BROWN. I think the Senator has stated the matter correctly.

Mr. BANKHEAD. I think so; but I do not think the bill covers that situation. We have the same objective, so let us make it clear.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. LUCAS. Let me say to the able majority leader, in connection with the statement he has just made, that the only reason why I propounded the question was that I have been advised that the Secretary of Agriculture made disposition of surplus commodities at a price below the market price. Of course, if we put in the law something which provides that he may not do so, that is a different proposition. What I am interested in is seeing the law of supply and demand

operate without any interference on the part of the Secretary of Agriculture until the ceiling is reached.

Mr. BROWN. I do not think the Senator allows the law of supply and demand to operate if he puts any restriction at all on the Secretary. The commodities which he has in storage are part of the general supply of commodities on hand.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. BARKLEY. Whatever the Secretary of Agriculture has done in that regard, he has done wholly independent of this legislation.

Mr. BROWN. Yes.

Mr. BARKLEY. He might continue to do it wholly independent of this legislation.

What we are dealing with here is the authority of the Price Administrator. I, myself, would have no objection to clarifying the bill, if it needs clarification, so as to provide that the Price Administrator himself, in the exercise of authority under the terms of this bill, shall not sell Government-owned basic commodities at a price that will drive them down on the market below the floor we are fixing.

But what the Secretary of Agriculture may do in selling commodities to others under his general authority is a matter which seems to me to be aside from the subject of our present discussion.

Mr. BANKHEAD. Does not the Senator think the same rule ought to apply to the Secretary of Agriculture? If we establish a policy here, does not the Senator think the Secretary of Agriculture ought to be required to observe it?

Mr. BARKLEY. I want to look further into that matter, because I do not know what situation may face him in regard to selling commodities to the general public or to others besides the Price Administrator. That is a broader question than the one we are now discussing, as to the authority of the Price Administrator. It may be that legislation of that sort should come out of the Committee on Agriculture and Forestry, instead of from the Banking and Currency Committee. It may be that he should be prohibited from doing such things. I am not saying so without further investigation; but if it should turn out that the Secretary of Agriculture should be prohibited from taking such action generally, I feel that such legislation should come from the Committee on Agriculture and Forestry, which handles that subject, and not from the Banking and Currency Committee which is simply seeking to limit the authority of the Price Administrator in buying and selling commodities.

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. THOMAS of Oklahoma. Do I correctly understand the Senator from Michigan to say that the bill authorizes the Price Administrator to buy and sell commodities?

Mr. BROWN. Yes.

Mr. THOMAS of Oklahoma. Before he can sell, he will have to have something to sell, will he not?

Mr. BROWN. Yes.

Mr. THOMAS of Oklahoma. Has he anything now?

Mr. BROWN. Anything to sell?

Mr. THOMAS of Oklahoma. Yes.

Mr. BROWN. I do not think I can answer that question. But he can buy something and then sell it.

Mr. THOMAS of Oklahoma. Before he can buy, he must have some money. Does he have any money which he can use for this purpose at the present time?

Mr. BROWN. I think provision is made in the bill for appropriations.

Mr. THOMAS of Oklahoma. Does the bill authorize an appropriation?

Mr. BROWN. Yes.

Mr. THOMAS of Oklahoma. In the Senator's opinion, is it the purport of the bill to make an appropriation of a certain amount of money with which the Administrator may buy and sell commodities?

Mr. BROWN. I assume that will be done.

Mr. THOMAS of Oklahoma. Would that appropriation be used as a revolving fund?

Mr. BROWN. That is correct.

Mr. THOMAS of Oklahoma. The Senator may remember that at one time we appropriated half a billion dollars for a Federal Farm Board, and very shortly half of it was gone and there was nothing to show for it. Prices had not been stabilized or regulated to any extent.

Mr. BROWN. Yes; I very definitely recall that situation. In the Committee on Claims we have a great many matters coming up now because of it.

Mr. BARKLEY. Mr. President, if the Senator will yield, let me say that one of the troubles was that the old Farm Board could buy but could not sell except at a loss, and the \$500,000,000 went into a sinkhole.

Mr. BROWN. With the consent of the parties interested.

The next section is the one relating to voluntary agreements. I may say that it aroused some controversy downtown, and it is possible that we may have to give reconsideration to it. I am speaking particularly to the Senator from Ohio, who is the author of this section. Briefly, it provides that voluntary agreements may be entered into between the Price Administrator and persons, producers, sellers of goods, and so on, and so forth. It is the intent to eliminate any questions as to liability under the Sherman antitrust law if such voluntary agreements are entered into. The Department of Justice, I think I should say, has made some complaint about that section. I have some correspondence regarding it, and there is some discussion proceeding concerning it.

I was willing, I will say to the Senator from Ohio, to include a provision in the section which would make such voluntary agreements subject to the approval of the Department of Justice; and I do not think the Senator would object to that; but that does not seem to be quite satisfactory. So, between now and the time when the bill is finally disposed of, we will endeavor to iron out that situation.

In the matter of the administration and enforcement on page 32—

Mr. TAFT. Mr. President, will the Senator yield for a moment?

Mr. BROWN. I yield.

Mr. TAFT. It seems to me peculiarly necessary that most of the price fixing be done with the cooperation of industry. It is very difficult to enforce, and I think it should be done in cooperation.

The experience of many people who have come to Washington and talked to one Government department is that they have not been protected when they did what that department asked them to do. It seems to me that if this is to be co-operative procedure, certainly they ought to be able to do voluntarily what the Administrator can order them to do, providing the Administrator is a party to the agreement.

I have no objection to requiring him to submit an agreement to the Department of Justice, but, assuming that the Department of Justice and he agree, obviously, the very purpose of this proposed law is to fix prices, while the very purpose of the Sherman Act is to prevent fixing prices; so that this proposal is absolutely inconsistent with the Sherman Act. If we desire to have this measure operate successfully, it seems to me we must protect those who enter into such a voluntary agreement against possible later prosecution under the Sherman Act.

Mr. BROWN. The witnesses who were familiar with the World War experience, and Professor Hardy, in his work on the subject of World War prices, very strongly stressed the fact that voluntary agreements can be made a very vital part of this entire program. I do not want to eliminate the section, but I do want to have an agreement, if it is possible to do so as to its provisions.

Now, on the matter of administration, which will probably be a subject of considerable debate later on, I will briefly say that under the bill, as reported to the Senate, control is given to a single administrator who is authorized to fix prices. The controversy, I think, between us on this amendment will probably bring out much more clearly the difference between us on the subject matter, and I will say nothing more than to refer to the general set-up.

In the matter of the review of the decisions of the Administrator, the bill establishes an emergency court made up of Federal judges now on the bench, selected by the Chief Justice. The review provided by the bill goes to two questions, first, are the standards laid down in the bill met by the order which the Administrator makes, and, second, is the order arbitrary or capricious.

The question of enforcement was discussed at some length in the committee, and I think it is fair to say that the committee generally finally agreed that it was necessary to have some sort of a licensing system. So the bill provides that every wholesaler, retailer, or other outlet for commodities is entitled, as a matter of course, to a license and nobody may be denied a license by the Administrator upon application. Secondly, the bill provides—and I think this is the arrangement which eliminated from the bill much of the opposition to it on the part of some retailers—that a violation

must first be disciplined by a warning notice, and, if there is a second offense, under the provisions originally put in the Senate amendment the Administrator has the right to take away the license. We felt that that was a matter proper for judicial determination. Therefore, we provided in the bill that the question whether the license should be revoked upon second offense is to be determined by a court. We went further and vested jurisdiction in the various State courts of general jurisdiction.

The Federal courts, of course, have jurisdiction, but their jurisdiction may not be invoked except under specified conditions—for example, unless the court is located within 50 miles of the place of business of the party complained against. We think there is little controversy left upon that subject matter. The definition of the term "commodity" on page 47 is of some importance.

Mr. MURRAY. Mr. President, will the Senator yield?

Mr. BROWN. I yield to the Senator from Montana.

Mr. MURRAY. Before the Senator leaves the subject he has just been discussing, I should like to inquire if the Administrator has any power or authority over the licensee aside from the courts?

Mr. BROWN. Yes; I think he has. I think he has the right to inspect their books and papers. I think he has the right to subpoena documents, make investigations, and so on, and so forth.

Mr. MURRAY. There seems to be an apprehension on the part of some businessmen that that authority might be exercised arbitrarily to the great detriment of business. It seems to me that it would be a harsh provision to authorize the subpoenaing of books and papers and documents from small business concerns, requiring them to bring their records some distance to the hearing, and so forth. I am preparing an amendment to that section which, at the proper time, I should like to submit. I understand the Senate is not now considering amendments.

Mr. BROWN. No; I am merely explaining the bill generally. The bill will be read shortly for amendment.

I am somewhat in sympathy with the Senator's ideas along that line. I do not believe the Administrator should be given authority to go into a store and take away a man's books and records to some distant place; but I think he should be permitted to examine the books and records in the store, if it is necessary in the enforcement of the law. In other words the Administrator should be able to get at the information he needs in order to operate intelligently unless he determines that it would cause serious disruption to do so.

Mr. MURRAY. That is the idea I had in mind.

Mr. BROWN. I hope we can work out something along that line. I suggest to the Senator from Montana that he discuss that matter with representatives of the Price Control Administration, who, I am sure, will be available to him at any time.

Mr. MURRAY. I thank the Senator.

Mr. BROWN. The final section of importance is the definition section, which contains exceptions to control that are of importance:

The term "commodity" means commodities, articles, products, and materials (except books, magazines, periodicals and newspapers, other than as waste or scrap), and it also includes services rendered otherwise than as an employee in connection with the processing, distribution, storage, installation, repair, or negotiation of purchases or sales of a commodity—

Then the bill contains a general exclusionary section; and I ascertained from some private conversations I have had that it is possible that one or two additional exclusions should be made. The Senator from Wisconsin [Mr. LA FOLLETTE] spoke to me about admissions to moving-picture theaters, and admissions generally of that character; and there is possibly the subject which was raised in a conversation with me by Representative KENNEDY of New York, in which he called attention to the fact that outdoor advertising is very similar to radio and newspapers, at least with respect to that part of their business, and that it might be well to make specific exemption of it. We shall have that matter under consideration.

The bill continues:

Provided, That nothing in this act shall be construed to authorize the regulation of (1) compensation paid by an employer to any of his employees—

And so forth. I desire to make a very brief statement upon that subject matter.

The bill specifically provides that nothing in the act shall be construed to authorize the regulation of compensation paid by an employer to any of his employees. Control of wages in connection with price control is, on the one hand, administratively impossible, and, on the other hand, undesirable from the point of view of public policy. Extensive testimony before the committee makes it clear that wages have not been responsible for the increase of prices which has already taken place. It is also clear that effective control of the price of the commodities would make wage controls unnecessary.

In that respect former President Hoover made a very illuminating contribution:

Senator BROWN. Of course, Mr. Hoover, if the Price Administrator effectively controls the prices of commodities, that in itself is a brake upon wages in industry, where the price is fixed.

Mr. HOOVER. Quite. That is why I am so earnestly advocating the various measures which will give stability in commodity prices. Stability does not lie in mandatory price fixing; it lies in all the measures suggested. The object of all of them is to secure stability in prices and cost of living as far as it can be done, and thus to provide stability in wages.

Wage adjustments in this country, as in Great Britain, should continue to be made through the normal processes of collective bargaining, assisted by the mediatory activities of the War Labor Board shortly to be established.

It is well known that as the rate of production increases in modern industry the labor costs per unit of output auto-

matically decrease. This allows increased profits to be gained on each unit of output. The net profits of 416 large industrial corporations were about 30 percent larger in the first 9 months of 1941 than in the first 9 months of last year.

These increases took place in spite of substantial wage increases in the early part of 1941, and in spite of substantially increased taxes. It would be most unfair, therefore, to take any measure freezing wages at this time. To do so would greatly enhance the already excessive profits of major industrial corporations at the expense of the working people.

In many places in this country wages are still being paid at rates below the level necessary to maintain workers at an American standard of living. It would be unwise to seek to prevent the necessary wage changes from taking place by the process of collective bargaining.

In addition to that matter, I will say that I, for one, feel that we ought to give full faith and credit to the effort of labor and management to get together. Labor, by public announcement, has given up the right to strike during the period of the emergency. Consequently, the mediation and conciliation services will be used for the purpose of settling wage disputes. There is no question but that if we freeze wages, if we freeze the cost of production, and since there is a great increase in the velocity of business caused by mass production, and so forth, industrial profits will inevitably rise. I am not at all unsympathetic with the desire and wish of those in control of the matter of wages to obtain a reasonable part of that joint product of capital and labor; and that subject, of course, needs consideration in connection with the inevitable rise in the cost of living which I am satisfied this bill cannot fully prevent.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. BROWN. I yield to the Senator from Missouri.

Mr. CLARK of Missouri. I realize that the Senator from Michigan has held the floor for several hours in a very able explanation of the bill. I do not wish to enter into an extended debate with him on any proposition involved in the bill. If the Senator would prefer to wait until tomorrow to discuss those things, I shall be very glad to have that done.

Mr. BROWN. I will say to the Senator from Missouri that I think that would be better.

Mr. CLARK of Missouri. I entirely understand the Senator's feeling. I will say that the last expressions of the Senator from Michigan seem to me to merit some very serious discussion by the Senate. If the Senator desires, I, myself, should prefer to wait until tomorrow.

Mr. BROWN. That is satisfactory to me.

Mr. BURTON. Mr. President, will the Senator yield?

Mr. BROWN. I yield to the Senator from Ohio.

Mr. BURTON. Earlier in the afternoon I raised a minor point with regard to the effect of the bill upon wholesale prices and retail prices. Will the Senator make clear just how that matter would be handled? I asked a general

question as to how it would be handled, and the Senator said he would discuss that subject later, when he came to an analysis of the measure.

The point I raised was this: It is clear from the evidence that wholesale prices have already considerably advanced in the past several months. Retail prices have not correspondingly advanced because the retailers have not yet had to buy in the wholesale market to make their retail sales. That will come about shortly, and the new wholesale prices will necessarily affect retail prices.

As I understand, under the bill there is no freezing of prices as of a specific date. Therefore, the Price Administrator would have full authority to set the wholesale prices now at their present price level, and then later on would raise the retail prices to reflect in the ceiling that he set the increased costs that would come to retailers over the coming months; but he would not be in any way bound by the bill to keep down the retail prices to the present levels of wholesale prices.

Mr. BROWN. I think the Senator correctly and accurately states what in all probability will be done. The authority granted by the bill is, of course, an authority over wholesale prices and an authority over retail prices. Ordinarily, except for the transition period to which the Senator refers, the control over wholesale prices probably will be sufficient; but, as the Senator says, there is a very definite lag between changes in wholesale and retail prices.

I desire to say at this point that in his testimony before the committee the Administrator paid a very high compliment to the retailers of the country when he said that they have not taken advantage of the rise in wholesale prices generally to raise their prices, but that they have lagged considerably behind, and are, in a general way, selling the goods which they bought at lower wholesale prices at the prices which those figures would justify, rather than raising those prices at the present time. They have waited and will wait until the higher wholesale prices take effect and have their consequent effect upon retail prices.

Mr. BURTON. That is precisely the point I wish to emphasize, because the retail dealers have been keeping retail prices down; but if they were now forced to freeze their prices at the points where they have been serving the public, they soon would be bankrupted if they had to buy goods at higher wholesale prices.

Mr. BROWN. The Administrator testified to that effect, as the testimony to which I have alluded clearly indicates. The bill requires the Administrator to adjust prices upward for increased costs of production. As retailers generally replace the goods on their shelves, their costs will increase. The bill directs the Administrator to take account of those increased costs in any ceilings he may have established.

I assume there will be a good deal of discussion of the various issues, but I have finished my own explanation of the bill, and am very glad to yield the floor, unless some Senator desires to ask me a question.

Mr. O'MAHONEY. Mr. President, I did wish to ask a question. I have been called out of the Chamber two or three times during the progress of the explanation given by the Senator from Michigan, and I appreciate the fact that he has been on his feet and has been doing a man-sized job ever since the discussion opened. I wish to ask whether he has discussed section 5.

Mr. BROWN. The voluntary-agreement section?

Mr. O'MAHONEY. Yes.

Mr. BROWN. I did discuss it, and I shall briefly repeat to the Senator what I stated. The section arose out of testimony from persons who were engaged in administration of the food controls during the first World War. The senior Senator from Ohio [Mr. TART] offered the amendment. It was approved by very many.

As the Senator from Wyoming knows, there is some objection to such a provision from official circles in Washington, particularly in the Attorney General's office, and it was felt that possibly some modification should be made. I suggested that the simple way to handle the situation would be to provide that any voluntary agreements entered into should be subject to the approval of the Attorney General or of the Department of Justice. I called this to the attention of the senior Senator from Ohio, who is the author of the amendment. I agree with the view expressed by him, that there should be some section of this kind in the bill because a very large part of the controls can be exercised by voluntary agreements.

I understand it is the attitude of those in charge of the enforcement of the Sherman law that if they were required to approve every agreement of this kind before it finally went into effect, it would entail an immense amount of work on their part. Therefore I made this statement, with the hope that representatives of the Price Administration and of the Attorney General's office, as well as the Senator from Wyoming, who, I know, is very much interested in the subject, and the Senator from Ohio and others, would endeavor to work out something which would cover the situation. I do not want to give the section up. I know that the Senator from Ohio and the Senator from Connecticut, as well as Senators on the majority side, are very much interested in it. But we are agreeable to working out something which will safeguard against the results which the Department of Justice fears.

Mr. O'MAHONEY. Mr. President, my feeling about the matter is that much depends upon the object sought to be attained by the language. If it is the purpose of this section to provide that the Price Administrator shall consult producers, processors, retailers, and others before fixing a ceiling, that is one thing; but if it is the purpose of the section to authorize the Price Administrator to fix maximum prices with these various groups, that is quite another thing. I can see that language could easily be drafted which would make it necessary for the Administrator to call in these various groups before acting, but the

danger I fear from this language is that it will create the means and method of a price-fixing mechanism in which only those who are interested in maintaining prices will be consulted.

Mr. BONE. In other words, the consumer will not be there?

Mr. O'MAHONEY. That is correct; and of course the antitrust law was intended to protect not only the consumer, but also certain groups of competitors. I am very fearful that under the language which is here provided, with no rule whatsoever laid down as to who shall be consulted, the opportunity would be created of doing grave injury to competition, as well as to the consumer.

Mr. TAFT. Is it the fear of the Senator that the Administrator will conspire with these people to evade the Sherman Act? After all, nothing is accomplished unless the Administrator himself enters into the agreements, draws them, signs them, and approves them.

Mr. O'MAHONEY. If I may answer the Senator from Ohio in the time of the Senator from Michigan, of course, I have no thought or fear that the Administrator would of himself enter into any conspiracy, not at all. Nothing I have said could give the basis for any such inference. But the language which is presented is so broad that I think it might open the door to unfortunate agreements. Let me read it:

In carrying out the provisions of this act—

That may be a limitation. If so, it is an effective limitation which is very desirable.

In carrying out the provisions of this act, the Administrator is authorized to confer with producers, processors, manufacturers, retailers, wholesalers, and other groups having to do with commodities, and with representatives and associations thereof, to cooperate with any agency or person, and to enter into voluntary arrangements or agreements with any such persons, groups, or associations relating to the fixing of maximum prices, the issuance of other regulations or orders, or otherwise.

The provision is as broad as daylight.

Mr. TAFT. Let me say that the same provision, or just as broad a provision, was contained in the Lever Act during the World War. At that time the Food and Fuel Administrators were authorized to make such agreements, with no limitations on the agreements. Certainly the agreements are intended to be confined to the purposes of the act, and if that could be made clearer, perhaps it should be. There is no question as to that.

Mr. O'MAHONEY. My feeling was that that was the purpose, and that it was not intended to create an opportunity for other results.

Mr. BONE. Mr. President, because the Senator from Ohio had something to do with the enforcement of price provisions during World War No. 1, I wish to ask him how far, in his judgment, the pending proposal parallels World War No. 1 legislation of a similar character.

Mr. TAFT. The Senator refers to the whole bill?

Mr. BONE. Yes, generally speaking.

Mr. TAFT. This measure, of course, is

much broader than any World War act, as a whole. The World War Act, the Lever Act, was a very limited law. In the first place, it related only to food and fuel, and there was no legislation governing the activities of the War Industries Board at all. There was no power given to make regulations fixing prices. There was a general provision that prices must be reasonable, that no one should charge an unreasonable price. However, under the act the Administrator assumed to do many things which under the pending measure the Administrator would be able to do lawfully. No effective penalty was provided at that time, though there was a license system. No criminal penalty was provided which could be enforced.

Mr. DANAHER. Mr. President—

Mr. BROWN. Does the Senator desire to have me yield?

Mr. DANAHER. If the Senator will yield, I should prefer that he do so.

Mr. BROWN. I was about to conclude; then I shall yield the floor.

Mr. BANKHEAD. Before the Senator yields the floor I should like to propound a parliamentary inquiry.

Mr. DANAHER. I understand the Senator from Michigan has the floor.

Mr. BROWN. I think I still have the floor.

Mr. DANAHER. Mr. President, will the Senator yield to me briefly?

Mr. BROWN. I yield.

Mr. DANAHER. As a member of the subcommittee of the Banking and Currency Committee I have been in attendance not only upon the hearings but at the meetings of the subcommittee in charge of the pending legislation. Not only has the Senator from Michigan [Mr. BROWN] been assiduous in his attention to the work of the committee, and most diligent in his consideration of the manifold problems presented by the proposed legislation, but he has been most thorough in his grasp and understanding of the whole situation.

I wish to take this occasion, if I may, to say that seldom have we had an explanation of so many difficult questions so patiently and considerately given, as we have over the past many hours from the Senator from Michigan, in connection with the pending bill.

Mr. BROWN. Mr. President, I deeply appreciate the kind words of the Senator from Connecticut, and will say that at a later time in the discussion of the bill I intended to say a few words about the splendid nonpartisan cooperation we have had in the consideration of the bill. There is no politics in it, and certainly the members of the committee on the majority side and on the minority side have worked in fine cooperation in the interest of the great cause to which we must dedicate ourselves.

Mr. BANKHEAD. Mr. President, will the Senator from Michigan yield to me?

Mr. BROWN. I yield.

Mr. BANKHEAD. I wish to make a parliamentary inquiry with respect to the procedure to be taken on the matter of amendments to the bill. For the present, at the request of the Senator from Michigan, I will withhold the inquiry,

and I shall take the matter up again tomorrow.

Mr. BROWN. Mr. President, I thank the Senate for the patience with which it has heard me in presenting this matter this afternoon, and I want to bespeak for Senators who will represent the other side in this controversy a most careful hearing, because there has been a most thorough devotion to the task of getting the bill out quickly by all Senators who were on the subcommittee and on the full committee.

Mr. BARKLEY. Mr. President, I inquire of the Senator from Michigan if he desires to yield the floor?

Mr. BROWN. Yes; I do.

Mr. WILEY. Mr. President, before the Senator yields the floor, will he yield to me for a question?

Mr. BROWN. I yield.

Mr. WILEY. I was called from the Chamber during the Senator's presentation, but I wish to express my appreciation to the Senator for the very enlightening explanation he has made of the bill.

I wish to ask the Senator one question. Under the scope of the bill let us assume a concrete instance; let us assume a product such as we produce in Wisconsin, cheese, or butter, or milk. The power granted in the first instance is to fix the price the farmer shall receive. The farmer delivers the butter or the cream to the cheese factory or to the creamery. The bill provides for fixing the price the creamery or the cheese factory shall get for their products. Is that correct?

Mr. BROWN. I assume that there possibly could be some argument and difference between those who are paid the price at the farm and those who are paid the price when the product is produced in the cheese factory. The subsection which covers the situation is as follows, on page 29, beginning with line 22:

(c) Any maximum price established for any commodity processed or manufactured in whole or substantial part from any agricultural commodity shall be consistent with the purposes set forth in subsection (a) of this section and shall not be established in any manner as to circumvent, vitiate, or prevent the effectuation of such purposes.

Therefore, the October 1 to 15, 1941, price level would apply both to the price the farmer is paid by the cheese factory and the price at which the cheese factory sells the product to the wholesaler, subject, of course, to the limitation of section 3 (a).

Mr. WILEY. To the grocer, let us say.

Mr. BROWN. To the grocer or to the wholesaler.

Mr. WILEY. The bill also contains the power to fix the price which the grocer shall receive?

Mr. BROWN. Yes; but it is assumed from prior experience, and from our experience in conducting the hearings, that in practical effect one price structure will probably take care of the situation, and usual customs and practices and discounts and allowances between those who are affected by the price structure will remain or be fixed as they are under present circumstances.

Mr. WILEY. Let me ask one question connected with the milk industry. In the city of Washington milk is being sold now for 11, 12, 13, and 14 cents a quart. In some of the cities in the northeastern section of the country grade A milk is sold for 20 cents, and in some places for more. I was wondering how that situation would be handled. Would the authorities take into consideration the price factors in each section, let us say?

Mr. BROWN. Yes; the necessary authority is contained in section 2 (c) of the bill.

Mr. WILEY. Or would the attitude be to fix a uniform price for retail milk?

Mr. BROWN. I think transportation and general living costs, and so on, in each section of the country would be taken into consideration. Classifications and adjustments would be made.

Mr. WILEY. I thank the Senator very much.

Mr. BARKLEY. Mr. President, the Senator from Ohio [Mr. TAFT] has expressed a desire to be recognized following the conclusion of the speech of the Senator from Michigan [Mr. BROWN]. However, at this hour I am sure the Senator from Ohio does not desire to begin.

Mr. TAFT. I should like to wait until tomorrow.

Mr. BARKLEY. If the Senator would like, he may be recognized at this time, so that he may have the floor tomorrow.

Mr. TAFT. Mr. President—

The PRESIDING OFFICER. The Chair recognizes the Senator from Ohio.

Mr. TAFT. I should like to discuss the bill whenever it is agreeable to the Senator from Kentucky.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. McFARLAND in the chair) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. McKELLAR, from the Committee on Post Offices and Post Roads:

Several postmasters.

By Mr. McFARLAND, from the Committee on the Judiciary:

A. Cecil Snyder, of Maryland, to be associate justice of the Supreme Court of Puerto Rico, vice Adolph G. Wolf, retired.

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will state the nominations on the calendar.

RECONSTRUCTION FINANCE CORPORATION

The legislative clerk read the nomination of Charles T. Fisher, Jr., of Michigan, to be a member of the board of directors.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

INTERSTATE COMMERCE COMMISSION

The legislative clerk read the nomination of John Monroe Johnson, of South Carolina, to be an Interstate Commerce Commissioner.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

THE JUDICIARY

The legislative clerk read the nomination of Paul C. Leahy, of Delaware, to be United States district judge for the district of Delaware.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of William A. Holzheimer, to be United States attorney, division No. 1, district of Alaska.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Noel K. Wennblom, to be United States attorney, division No. 3, district of Alaska.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Ralph J. Rivers, to be United States attorney, division No. 4, district of Alaska.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Donald C. Miller, to be United States attorney, northern district of Ohio.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. BARKLEY. I ask that the nominations of postmasters on the calendar be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

THE ARMY

The legislative clerk proceeded to read sundry nominations in the Army.

Mr. BARKLEY. I ask that the nominations in the Army be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

THE NAVY

The legislative clerk proceeded to read sundry nominations in the Navy.

Mr. BARKLEY. I ask that nominations in the Navy be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

THE MARINE CORPS

The legislative clerk proceeded to read sundry nominations in the Marine Corps.

Mr. BARKLEY. I ask that the nominations in the Marine Corps be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

Mr. BARKLEY. I ask that the President be immediately notified of all nominations this day confirmed.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

That completes the calendar.

DAYLIGHT-SAVING TIME

Mr. BARKLEY. I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed consideration of legislative business.

Mr. McNARY. Mr. President, I am advised that the Senator from Ohio [Mr. TAFT] has withdrawn his objection to the consideration of the daylight-saving-time bill. As I stated yesterday, I have no objection to the present consideration of the measure.

Mr. WHEELER. Mr. President, I ask unanimous consent for the immediate consideration of Senate bill 2160, which is Calendar No. 968.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. Senate bill 2160, to amend section 3 of the act of March 19, 1918, entitled "An act to save daylight and to provide standard time for the United States" (40 Stat. 450).

Mr. McNARY. The brief statement I made had reference to this bill. In the meantime I note the presence of the able Senator from Ohio [Mr. TAFT].

Mr. TAFT. Mr. President, I have no objection to the present consideration of the bill.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. DANAHER. Mr. President, I ask the Senator from Montana whether, in connection with the consideration of the bill in committee, any thought was given to the possible effect on legal time in the event of a change of the time by Executive order. To illustrate the point more particularly, I should like to refer to House bill 3789, which was introduced in the House by Mr. McLEAN and was referred to the Committee on Interstate and Foreign Commerce. In that bill, upon reading it, I find the following provision:

In all statutes, orders, rules, and regulations relating to the time of performance of any act by any officer or department of the United States, whether in the legislative, executive, or judicial branches of the Government, or relating to the time within which any rights shall accrue or determine, or within which any act shall or shall not be performed by any person subject to the jurisdiction of the United States, it shall be understood and intended that the time shall be the United States standard time of the zone within which the act is to be performed.

Mr. WHEELER. Mr. President, I do not think the bill would change the situation in the slightest degree, because the standard time would be fixed by the President under the Executive order.

Let me say to the Senator that the House committee recommended a bill a little different from the Senate bill, and we shall probably have to work out the details in conference. What I am anxious to see, what I am hoping for, and

H. R. 5990

IN THE SENATE OF THE UNITED STATES

JANUARY 7 (legislative day, JANUARY 6), 1942

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. LA FOLLETTE to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes, viz:

1 On page 49, line 25, before the period insert the fol-
2 lowing: ", or (6) rates charged for any outdoor advertising,
3 or by any person engaged in the business of operating a mov-
4 ing-picture or other theater or engaged in the business of
5 producing plays or moving pictures".

AMENDMENT

Intended to be proposed by Mr. La FOLLETTE to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

JANUARY 7 (legislative day, JANUARY 6), 1912

Ordered to lie on the table and to be printed

77TH CONGRESS
2D SESSION

H. R. 5990

IN THE SENATE OF THE UNITED STATES

JANUARY 7 (legislative day, JANUARY 6), 1942

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. OVERTON to the bill (H. R. 5990), to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes, viz: On page 30, strike out lines 6 to 13, inclusive, and in lieu thereof insert the following:

- 1 “(e) If a maximum price has been established for any
- 2 agricultural commodity and thereafter the parity price or
- 3 comparable price for such commodity, as determined and
- 4 published by the Secretary of Agriculture, is more than 3
- 5 per centum above the parity price or comparable price which
- 6 prevailed as of the date such maximum price was established,
- 7 the maximum price established for such commodity shall be

1 readjusted to the extent necessary to provide a maximum
2 price which is not below the market price equivalent to 110
3 per centum of such later parity price or comparable price,
4 adjusted for grade, location, and seasonal differentials, as
5 determined and published by the Secretary of Agriculture.
6 In the event of subsequent changes in the parity price or
7 comparable price of any such commodity, further readjust-
8 ments shall be made as required by the foregoing provisions
9 of this subsection."

AMENDMENT

Intended to be proposed by Mr. Overton to the bill (H. R. 5990), to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

JANUARY 7 (legislative day, JANUARY 6), 1942

Ordered to lie on the table and to be printed

Prices

H. R. 5990



IN THE SENATE OF THE UNITED STATES

JANUARY 7 (legislative day, JANUARY 6), 1942

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. OVERTON to the bill (H. R. 5990), to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes, viz: On page 34, after line 18, insert the following new subsection:

- 1 “(e) The Administrator shall not have any authority to
- 2 fix or regulate prices or rents except such authority as is
- 3 conferred by this Act and exercised in accordance with its
- 4 provisions.”

AMENDMENT

Intended to be proposed by Mr. Overton to the bill (H. R. 5990), to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

JANUARY 7 (legislative day, JANUARY 6), 1942

Ordered to lie on the table and to be printed

77TH CONGRESS
2D SESSION

H. R. 5990

IN THE SENATE OF THE UNITED STATES

JANUARY 7 (legislative day, JANUARY 6), 1942

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. THOMAS of Oklahoma to the bill (H. R. 5990), to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes, viz: On pages 29 and 30, strike section 3. relative to agricultural commodities, and insert the following:

1 SEC. 3. Section 301 of title II, of Public Numbered 430,
2 Seventy-fifth Congress, approved February 16, 1938, is
3 hereby amended to read as follows:

4 "SEC. 301. GENERAL DEFINITIONS.—For the purposes
5 of this Act and the declaration of policy—

6 "(1) 'Parity', as applied to the price for any commodity
7 is that price which will give to such commodity a value or

1 purchasing power with respect to articles that the producers
2 of such commodity may buy equivalent to the purchasing
3 power of such commodity in the base period as adjusted and
4 provided herein:

5 “(a) The base period for the purposes of this Act
6 is the ten-year period from July 1, 1919, to June 30,
7 1929, inclusive.

8 “(b) In calculating the ‘parity’ price for any com-
9 modity, such price with respect to value or purchasing
10 power shall be determined at any given time on the basis
11 of the price relationship existing between such commod-
12 ity and the articles that the producers of such commodity
13 may buy as such relationship existed during the base
14 period and as provided in this section.

15 “(c) For the purpose of calculating the ‘parity’
16 price for any commodity, the index number of 100 as
17 determined by the Bureau of Labor Statistics for the
18 year 1926 shall equal the base price for all articles that
19 producers may buy.

20 “(2) All ‘parity’ prices for commodities shall be calcu-
21 lated as nearly as possible on the formula provided for cotton,
22 as provided herein, and the base price and parity price for
23 cotton shall be calculated on the following formula:

24 “(a) The base price for cotton shall be the average
25 price of spot seven-eighths-inch Middling cotton as such

1 price was current at the ten recognized southern con-
2 centration points at the close of such markets on the 1st
3 and 15th days of each month during each fiscal year of
4 the base period and the average of such bimonthly prices
5 shall be considered the average or base price for cotton
6 during such base period: *Provided*, That, if either the
7 1st or 15th day of any month falls on Sunday or a legal
8 holiday when any or all of the selected market places are
9 closed, then the market close on the first succeeding
10 market day shall be considered: *Provided further*, That
11 the base price for wheat shall be the average price of
12 number 1 wheat as such price was current at not to
13 exceed ten general wheat markets or wheat concentra-
14 tion points on the 1st and 15th days of each month
15 during each fiscal year of the base period, and the
16 average price for such wheat at such points during such
17 base periods shall be considered the average or base price
18 for wheat for the purposes of this Act: *Provided further*,
19 That the base price for corn, rice, tobacco, and any other
20 commodity, farm or industrial, shall be calculated on
21 the same formula as is provided for cotton and wheat:
22 *And provided further*, That the Secretary of Agricul-
23 ture is herein authorized to select not to exceed ten gen-
24 eral market places for any farm commodity, other than
25 cotton, and the Secretary of Commerce is authorized to

1 select not to exceed ten general market places for com-
2 modities other than farm products, and each to calculate
3 the average or base prices of commodities as provided
4 herein.

5 “(b) The average price of cotton, wheat, corn, rice,
6 tobacco, or any other commodity during the base period,
7 as provided in (2) (a) above, shall be the base price
8 for any such commodity.

9 “(3) The ‘parity’ price for cotton, wheat, corn, rice,
10 tobacco, or any other commodity as provided herein shall be
11 calculated at any given time by using the all commodity index
12 number as ascertained by the Bureau of Labor Statistics and
13 by multiplying the base price of any commodity by the said
14 index number the product ascertained will be the parity price
15 for such commodity.”

16 (4) The provisions of said section 301 as amended
17 herein with respect to farm commodities shall be adminis-
18 tered by the Secretary of Agriculture and with respect to
19 all other commodities the provisions of said section shall be
20 administered by the Secretary of Commerce, and the parity
21 prices for the base agricultural products shall be calculated
22 and publicly announced at least once during each calendar
23 month of each year: *Provided*, That each said Secretary is
24 hereby authorized to adjust the parity price of any commodity
25 falling under his respective jurisdiction as to staple, grade,

1 and quality: *Provided further*, That prior to the announce-
2 ment of the parity price on any commodity when (a) it
3 appears that facts are not available for determining the base
4 price, or (b) because of changed conditions the base price
5 is, in the judgment of the Secretary having jurisdiction, not
6 a fair, just, and equitable price, then such Secretary is author-
7 ized after public hearings to adjust such base price, either up
8 or down, as the facts may warrant, in order to give a fair,
9 just, and equitable parity price to such commodity.

10 (5) The Administrator, as provided in this Act, with
11 respect to fixing prices on and for any commodity, farm,
12 industrial, or otherwise, shall be governed at all times by the
13 parity price of such commodity as calculated and publicly
14 announced by the Secretary of Agriculture or by the Secre-
15 tary of Commerce, as provided herein: *Provided*, That—

16 (a) The Administrator is authorized to secure from the
17 Secretary of Agriculture or the Secretary of Commerce the
18 average or base price on or for any commodity as provided
19 in this title and is authorized to secure from the Department
20 of Labor the current index number as defined herein and
21 may calculate, as provided herein, and announce the parity
22 price of or for any commodity at any time.

23 (b) The Administrator is not authorized to and shall not
24 fix a price on or for any commodity at any time at a figure

1 below the parity price of such commodity calculated and
2 determined as provided herein.

3 (c) When the current market price of any commodity is
4 (1) at parity or (2) is within five points below parity, the
5 Administrator is authorized to consider, determine, and fix
6 a price for or on such commodity, as provided herein and
7 to make such order or orders, and to take such action as
8 may be necessary to fix and stabilize such price on or for
9 such commodity until modified or rescinded by an appropriate
10 order as provided by this Act.

11 (d) Upon the approval of this Act the Administrator
12 is authorized to consider the current price of any commodity
13 and if he finds that such price is above parity as provided
14 herein, he is authorized to investigate such price and if he
15 finds, upon such investigation, that such current price is
16 unwarranted, unjust, and indefensible, then after such a find-
17 ing he is hereby authorized to fix a price on and for such
18 commodity which will bring such price to a fair and just
19 relationship with the other prices in our domestic economy.

20 (e) With respect to the price of any commodity of
21 which we have a surplus and so long as such price of such
22 commodity does not reach within five points (per centum)
23 of parity as provided herein, the Administrator is without
24 authority to act.

25 (f) The Administrator shall not fix a price on or for

1 any byproduct, processed article, finished product, or similar
2 or comparable commodity, or on any byproduct, finished
3 product, or similar product, either made or derived from
4 such similar or comparable commodity, which will have the
5 effect of reducing the price of any other commodity below
6 the current parity price for such commodity.

7 (g) Any order made by the Administrator fixing any
8 price on or for any commodity, or article, at a higher or lower
9 figure than the limits authorized by this Act shall be null
10 and void.

AMENDMENT

Intended to be proposed by Mr. Thomas of Oklahoma to the bill (H. R. 5990), to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

JANUARY 7 (legislative day, JANUARY 6), 1942

Ordered to lie on the table and to be printed

FILE COPY

United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 77th CONGRESS, SECOND SESSION

Vol. 88

WASHINGTON, THURSDAY, JANUARY 8, 1942

No. 4

Senate

(Legislative day of Tuesday, January 6, 1942)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, the Very Reverend ZeBarney T. Phillips, D. D., offered the following prayer:

Almighty God, the Author and Giver of all good, whose unseen power and presence encompass our path: Guide us, we beseech Thee, out of the darkness of uncertainty into the light of such mature and careful thought as may be needful for the deliberations of this day.

Enable us by Thy Spirit to rise and go wherever our sense of right and duty leads, no matter how hard the way, however difficult the undertaking. And, as we are brought face to face with reality all about us, make us so strong within that we may rule right royally our own spirits, acting bravely against whatever temptation may beset us. We would be meek, rather than cruel; forbearing rather than exacting, and willing, if need be, to sacrifice our all on the altar of service to our country and our God.

Finally, we ask that Thou wilt give us that gladness of heart which is created and sustained by the clear shining within of faith and love, that we may have the spirit of the Blessed Master who, in spite of His overburdened and troubled life, was the happiest of men, and whose joy o'erflowed upon all those with whom He came into close and intimate touch when He lived and walked among men in the days of His flesh. In His own dear name we ask it. Amen.

ATTENDANCE OF A SENATOR

HENRY CABOT LODGE, Jr., a Senator from the State of Massachusetts, appeared in his seat today.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, January 7, 1942, was dispensed with, and the Journal was approved.

CORRECTION OF THE RECORD

Mr. GILLETTE. Mr. President, in the RECORD of January 6, on page 20, an error was made by the reporter in reporting some of the remarks I made on suits

against petroleum companies, in which I am reported as suggesting that in the consent decree filed in certain cases there was a limitation on the amount of "recovery" in the cases to 7 percent of the invested capital. My intention was to refer to 7 percent "dividends" on the invested capital. I ask unanimous consent that the permanent RECORD be corrected by striking out the words "recovery" after the 1st of January for violation of the Elkins Act" in the fourth and fifth lines from the bottom of the first column of page 20, and substituting the word "dividends."

The VICE PRESIDENT. The correction will be made.

CALL OF THE ROLL

Mr. HILL. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Gerry	Nye
Austin	Gillette	O'Daniel
Bailey	Glass	O'Mahoney
Ball	Green	Overton
Bankhead	Guffey	Radcliffe
Barkley	Gurney	Reed
Bilbo	Hayden	Reynolds
Bone	Herring	Rosier
Brewster	Hill	Russell
Brooks	Holman	Schwartz
Brown	Hughes	Shipstead
Bulow	Johnson, Colo.	Spencer
Bunker	Kilgore	Taft
Burton	La Follette	Thomas, Idaho
Butler	Langer	Thomas, Okla.
Byrd	Lee	Thomas, Utah
Capper	Lodge	Tobey
Caraway	Lucas	Truman
Chandler	McCarran	Tunnell
Chavez	McFarland	Tydings
Clark, Idaho	McKellar	Vandenberg
Clark, Mo.	McNary	Van Nuys
Connally	Maloney	Wagner
Danaher	Maybank	Wallgren
Davis	Mead	Walsh
Downey	Millikin	Wheeler
Doxey	Murdock	White
Ellender	Murray	Wiley
George	Norris	Willis

Mr. HILL. I announce that the Senator from New Mexico [Mr. HATCH] is absent from the Senate because of illness.

The Senators from Florida [Mr. ANDREWS and Mr. PEPPER], the Senator from New Jersey [Mr. SMATHERS], the Senator from South Carolina [Mr. SMITH], and

the Senator from Tennessee [Mr. STEWART] are necessarily absent.

Mr. AUSTIN. The Senator from New Hampshire [Mr. BRIDGES] is confined to a hospital due to a recent hip injury.

The Senator from New Jersey [Mr. BARBOUR] is necessarily absent.

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Swanson, one of its clerks, announced that the House had passed, without amendment, the bill (S. 2149) to amend the act approved April 22, 1941 (Public, No. 39, 77th Cong.), so as to increase the authorized enlisted strength of the Navy and Marine Corps.

The message also announced that the House had severally agreed to the amendments of the Senate to the following bills of the House:

H. R. 4077. An act to amend the District of Columbia License Act so as to permit sightseeing operations in the District of Columbia, without procurement of a license or payment of a tax, in the case of certain vehicles performing such operations in connection with transportation of persons to the District of Columbia;

H. R. 5464. An act to authorize transfer of enlisted men of the Naval and Marine Corps Reserve to the Regular Navy and Marine Corps; and

H. R. 6163. An act to prohibit parking of vehicles upon public or private property in the District of Columbia without the consent of the owner of such property.

The message further announced that the House had passed a bill (H. R. 6304) authorizing appropriations for the United States Navy, additional shipbuilding and ship-repair facilities, and for other purposes, in which it requested the concurrence of the Senate.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

REPORT ON PERSHING HALL MEMORIAL FUND

A letter from the Acting Secretary of the Treasury, transmitting, pursuant to law, an itemized report of transactions for account of the Pershing Hall Memorial Fund (with

an accompanying statement); to the Committee on Military Affairs.

REPORT OF THE TARIFF COMMISSION

A letter from the chairman of the United States Tariff Commission, transmitting, pursuant to law, the twenty-fifth annual report of the Commission, 1941 (with an accompanying report); to the Committee on Finance.

REPORT OF ADMINISTRATOR OF VETERANS' AFFAIRS

A letter from the Administrator of Veterans' Affairs, transmitting, pursuant to law, his annual report for the fiscal year ended June 30, 1941 (with an accompanying report); to the Committee on Finance.

REPORT OF THE CHESAPEAKE & POTOMAC TELEPHONE CO.

A letter from the president of the Chesapeake & Potomac Telephone Co., submitting, pursuant to law, the company's report for the year 1941, showing operations for the month of December to be estimated only (with an accompanying report); to the Committee on the District of Columbia.

REPORT OF OFFICERS DELINQUENT IN RENDERING ACCOUNTS

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report showing the officers of the Government who on June 30, 1941, were delinquent in rendering or transmitting accounts to the proper offices in Washington, the names thereof, the reported cause of delinquency, and, in each instance, whether the delinquency was waived by the Secretary of the Treasury, etc. (with an accompanying report); to the Committee on Claims.

REPORTS OF THE INTERSTATE COMMERCE COMMISSION

Two letters from the acting chairman of the Interstate Commerce Commission, transmitting reports, pursuant to law; to the Committee on Interstate Commerce, as follows:

The fifty-fifth annual report of the Interstate Commerce Commission; and

Reports showing final valuations of properties of certain carriers: Valuation Docket No. 1261, White Eagle Pipe Line Co., Inc.; Valuation Docket No. 1263, Bell General Transit Corporation; Valuation Docket No. 1264, Keystone Pipe Line Co.; Valuation Docket No. 1265, Kaw Pipe Line Co., and Valuation Docket No. 1226, Rocky Mountain Pipe Line Co. (with accompanying papers).

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the VICE PRESIDENT:

A telegram in the nature of a petition from A. J. Ellsworth, president of the South Montrose Dairy Cooperative Association, Montrose, Pa., praying for the adoption of the so-called O'Mahoney amendment to House bill 5990, the price-control bill; ordered to lie on the table.

A telegram in the nature of a petition from H. G. Pritchard, of Fessenden, N. Dak., praying that the proceeding involving the right of the Senator from North Dakota [Mr. LANGER] to a seat in the Senate be dismissed; ordered to lie on the table.

A letter in the nature of a memorial from Sarah B. Dona, of New York City, remonstrating against the adoption of the so-called Dies amendment to the bill (H. R. 6269) to amend the act entitled "An act to require the registration of certain persons employed by agencies to disseminate propaganda in the United States, and for other purposes," ap-

proved June 8, 1938, as amended; ordered to lie on the table.

By Mr. HUGHES:

Petitions, numerous signed, of sundry citizens of the State of Delaware, praying for the enactment of the bill (S. 860) to provide for the common defense in relation to the sale of alcoholic liquors to the members of the land and naval forces of the United States and to provide for the suppression of vice in the vicinity of military camps and naval establishments; ordered to lie on the table.

A memorial of sundry citizens of the State of Delaware, remonstrating against the enactment of the bill (S. 860) to provide for the common defense in relation to the sale of alcoholic liquors to the members of the land and naval forces of the United States and to provide for the suppression of vice in the vicinity of military camps and naval establishments in its present form; ordered to lie on the table.

RESOLUTION OF BUTLER COUNTY (PA.) POMONA GRANGE—OLEOMARGARINE

Mr. DAVIS. Mr. President, I present and ask unanimous consent to have printed in the RECORD and appropriately referred a resolution adopted by Butler County (Pa.) Pomona Grange, No. 17, with reference to the so-called Gillette and Andresen oleomargarine bills, Senate bill 1921 and House bill 5700.

There being no objection, the resolution was referred to the Committee on Agriculture and Forestry and ordered to be printed in the RECORD, as follows:

Whereas we are informed that, by virtue of his appointed authority by the Federal Administration, Paul McNutt has seen fit to nullify the protective provisions guarding against the coloring, etc., of oleomargarine, thereby making it difficult for the purchaser to detect its difference from butter, notwithstanding its lack of food value; and

Whereas this ruling has incurred a great injustice against the farmer and milk producer, in that it deprives him of a legal protection he has long enjoyed: Therefore be it

Resolved, That Butler County Pomona Grange, No. 17, hereby goes on record as being opposed to this ruling and in favor of the Andresen-Gillette oleomargarine bills, H. R. 5700 and S. 1921, which bills will renew our protection against this oleomargarine menace; and be it

Resolved, That our Senators and Congressmen be contacted and urged to support the passage of the above-mentioned bills; and be it

Resolved, That a copy of this resolution be presented to the Pennsylvania State Grange for their consideration and support.

RESOLUTION OF THE ROTARY CLUB OF ELROY, WIS.—REDUCTION OF NON-ESSENTIAL EXPENDITURES

Mr. WILEY presented a resolution adopted by the Rotary Club of Elroy, Wis., which was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

ROTARY CLUB OF ELROY,
Elroy, Wis., December 9, 1941.

Hon. ALEXANDER WILEY,
National Capitol, Washington, D. C.

DEAR SENATOR: In compliance with the request of the board of directors of the Elroy Rotary Club of Elroy, we forward you the following resolution which was unanimously passed by them:

"Whereas expenditures for national defense for upward of \$56,000,000,000 have been authorized; and

"Whereas Federal tax levies have reached an unprecedented height and we are informed that increased levies will be enacted in the near future; and

"Whereas these Federal taxes, both direct and indirect, will prove a severe strain on the income of citizens and in many cases require great sacrifices and real hardship; and

"Whereas employment is at a high level and the 'relief emergency' which existed several years ago has now passed and there is no longer a real need for vast Federal relief programs: Therefore be it

Resolved, That the Members of the Congress of the United States be hereby requested to examine all Federal nondefense spending and eliminate all the nonessential spending, thus saving from one to three billions of dollars annually, and it has been estimated by competent authorities may be done; and be it further

Resolved, That copies of this resolution be sent to our Senators and Representatives in Congress and to the newspapers."

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. REYNOLDS:

S. 2182. A bill to provide for temporary promotion in the Army of the United States of officers commissioned in the Air Corps or assigned to duty with the Air Corps; to the Committee on Military Affairs.

By Mr. MCCARRAN:

S. 2183. A bill to amend an act entitled "An act to regulate the practice of the healing art to protect the public health in the District of Columbia," approved February 27, 1929; to the Committee on the District of Columbia.

By Mr. WHEELER:

S. 2184. A bill for the relief of Harry B. Millison; to the Committee on Claims.

By Mr. WALSH:

S. 2185. A bill authorizing the President of the United States to reinstate Wallace F. Safford to the position and rank of captain in the Army of the United States; to the Committee on Military Affairs.

HOUSE BILL PLACED ON THE CALENDAR

The bill (H. R. 6304) authorizing appropriations for the United States Navy, additional shipbuilding and ship-repair facilities, and for other purposes, was read twice by its title and ordered to be placed on the calendar.

AMENDMENTS TO PRICE CONTROL BILL

Mr. GEORGE and Mr. VANDENBERG each submitted an amendment and Mr. BALL and Mr. BUTLER each submitted two amendments intended to be proposed by them, respectively, to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes, which were severally ordered to lie on the table and to be printed.

Mr. LUCAS submitted an amendment intended to be proposed by him to House bill 5990, the price-control bill, which was ordered to lie on the table, to be printed, and to be printed in the RECORD, as follows:

On page 28, line 25, before the period, insert a comma and the following: "and no agricultural commodity which has been bought by any governmental agency shall be sold at a price below the market price for such commodity specified in clause (1) of

clause (2) or section 3 (a) of this act, whichever is the higher."

PATRIOTIC ATTITUDE OF BOY SCOUTS OF AMERICA

Mr. CAPPER. Mr. President, it gives me pleasure to add my voice to those praising the work of the Boy Scouts of America, an organization which once again has placed its entire resources at the call of the Nation. Well does America know how great can be the service rendered by Boy Scouts in times of need.

I was glad to write to Dr. James E. West, chief Scout executive of the Boy Scouts of America, voluntarily expressing my personal enthusiasm for the official announcement he made on behalf of the Boy Scouts of America directly following the declaration of war. It was one of the first organizations, to my knowledge, that took formal action of this kind.

Mr. President, I ask unanimous consent to have printed in the *Record* the telegram sent to President Roosevelt by President Walter W. Head and Dr. James E. West, of the Boy Scout organization.

The VICE PRESIDENT. Without objection, it is so ordered.

The telegram is as follows:

At this time of national crisis we, on behalf of the Boy Scouts of America, assure you of the full and wholehearted cooperation of the entire active membership of our organization, numbering 1,500,000 boys and men. In addition there are some 10,000,000 others who have derived benefits from its program during the 31 years of its organized existence who, we feel sure, also stand with us, ready to assist in any and every manner possible in making effective the Government program resulting from your recommendation to Congress and its action in today declaring that a state of war exists between the United States of America and the Empire of Japan.

The efforts of the Boy Scouts of America during the last World War demonstrated that there are many projects which can be appropriately and successfully undertaken by boys of Scout age and with Scout training. Hereafter we have happily responded to your personal request to distribute posters publicizing defense savings bonds and stamps and to participate in the aluminum collection. Our efforts in the waste-paper collection currently in operation and in the civilian defense program will be further intensified. It will be our earnest purpose to embrace to the full measure of our capacity any and all other opportunities to render further service to our country.

Mr. CAPPER. Mr. President, in a splendid spirit of further cooperation, the Boy Scouts of America and the Office of Civilian Defense have drawn up an emergency program agreement signed by Hon. F. H. LaGuardia and Dr. James E. West. This agreement outlines the duties and responsibilities of each organization and provides for smooth cooperation. I ask unanimous consent to have printed in the *Record* a portion of the emergency-program agreement to which I have referred.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

Amongst other things, it was agreed that—
The Boy Scouts of America, as a national organization operating under Federal charter, has the responsibility of maintaining an educational program of training boys in scoutcraft and outdoor skills and citizenship responsibilities, and in developing and molding character. It has developed and inaugurated

a special program of emergency service training. Its regular training also includes first aid, firemanship, signaling, mapping, life-saving, pathfinding, and cooperation with others.

Since the Boy Scouts of America have one and one-half million boys and men trained and organized into 49,000 units in practically every community in the United States and Territories, it is desirable in the interests of national defense that their activities and ability to serve be coordinated as closely as possible with the civilian-protection program of the Office of Civilian Defense.

It is mutually agreed that the services of members of the Boy Scouts of America can immediately be utilized in the following enrolled volunteer groups of civilian-defense protection:

- (A) Assisting emergency medical units.
- (B) Fire watchers.

(C) Leadership in the development of adequate locally trained messenger service in which members of the Boy Scouts of America will have special designation, supplementing their uniform, indicative of their special training.

When a particular mission is assigned to the Boy Scouts of America, they will become a part of the civilian-defense organization during the performance of this mission and work under the general supervision and direction of the defense council.

Councils of defense and local Boy Scout councils will develop local plans of cooperation in accord with this joint statement and the fixed and stated policies of the Office of Civilian Defense and the Boy Scouts of America.

Mr. CAPPER. Mr. President, I also ask unanimous consent to have printed in the *Record* my tribute to the Boy Scouts of America.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

Many of us remember—I, for one—and most of us have heard of the invaluable aid which the Boy Scouts of America were able to give during the first World War. I well recall the splendid record which Scouts made in the sale of Liberty bonds then. Tirelessly and cheerfully these lads kept at their appointed tasks. Scout training was good in the days of the first World War—it showed up in Scout ability and willingness when a job had to be done. The Nation saw these things happen then and was thankful—thankful to the four-hundred-odd-thousand Scouts and Scout leaders who individually and as a group performed so brilliantly.

It was with considerable personal satisfaction that I watched the Boy Scout movement grow, especially during and immediately after the first World War. It was as if the Scouts, having come through their first great baptism of fire, as it were, were officially and nationally approved. Thousands of boys everywhere crowded each other to join this great movement. But it wasn't mushroom growth. Even in those early days I knew that scouting had its feet solidly on the ground. This growth has continued steadily through the years.

In these very momentous times I feel considerably safer as an American and far more hopeful of the future because the Boy Scout movement is as strong as it is in the United States. I look upon the youth of our country, as any intelligent person must, as the leaders and the followers of America tomorrow. The trust we must repose in our boys is important—grave. But with our active Boy Scout movement training them in character and citizenship that trust is well placed.

You see evidence all about you of the way Boy Scouts are assuming their responsibility

to their country. They are cooperating with the Treasury Department in many ways. They are placing conspicuously 5,000,000 posters for the Office of Civilian Defense on what to do during an air raid. They have collected 10,000,000 pounds of aluminum, and everywhere you see them collecting waste paper for their country. In the next few days Boy Scouts will be gathering books from the homes of America for the recreation centers for soldiers, sailors, marines, and members of the Coast Guard.

At the risk of appearing a sentimentalist, I say heartily, "Thank God for a movement like this one." On December 18 the national executive board of the Boy Scouts of America passed a resolution entitled, "What the Boy Scouts of America will do in war times." It is a restatement of the application of the Scout oath and law. In the light of the Scout record in peace as well as war this is not just an opportunist announcement to gain publicity. Those of us who have seen the Boy Scout movement develop know that this resolution is more liable to be an understatement of what Scouts eventually will do in these times.

The more one hears about Scouting the less sentimental it appears to thank God for Scouting, and the more logical.

It is a mathematical fact that 70 percent of the men studying at Annapolis to lead our naval forces are former Boy Scouts. West Point counts 68 percent of its cadets as former Boy Scouts. The Coast Guard Academy, which trains officers for that branch of the service, has 73 percent of its men with Scout training. Most recent figures inform me that 25 percent of the selectees now training in our armies have had Scout training.

These figures mean something. They mean that there is something fundamentally fine and strong in basic Scout training—something that develops the character and the citizenship that will continue to make democracy a living, vital way of life.

In closing I wish to pay final tribute to Scouting. What finer examples of Scouting could America seek than those brave officers and men who died valiantly in defense of our great flag in Hawaii and the Philippines.

I refer humbly to Capt. Colin P. Kelly, Jr., whose daring and heroic deeds in the Philippines will stand out in history. Captain Kelly was a Boy Scout in his native Madison, Fla.

Keefe R. Connolly died for his country at Pearl Harbor as a member of the crew of the U. S. S. *Oklahoma*. In his home town of Markesan, Wis., Troop 28 is proud of their former senior patrol leader.

Lt. Gordon H. Sterling, Jr., another air officer performed heroic deeds in repelling the vicious Japanese air attacks on Hawaii. He was a Scout in West Hartford, Conn.

Robert Smith, formerly of Troop 13, Flushing, N. Y., was a member of the crew of the target ship *Utah* when the Jap raiders came over Oahu.

Lt. George S. Welch, more fortunate than the above men, was able to personally receive a citation for heroism in an air fight over Hawaii. He was a Scout of Troop 33, Wilmington, Del.

Many more former Scouts are daily performing heroic deeds—standing watch to defend America. These men are glad, I'm sure, that they had Scout training—I know we as a Nation are.

So when I say, "Thank God for Scouting," perhaps I'm more practical than sentimental.

MINORITY STOCKHOLDERS' ACTIONS AGAINST OFFICIALS OF CERTAIN CORPORATIONS

Mr. TOBEY. Mr. President, I ask unanimous consent to insert in the *Record*, at this point, a letter dated January 7, 1942, which I wrote to the senior Senator from Indiana [Mr. VAN NUYS], chairman of the Committee on the Judiciary,

and a copy of a letter dated December 17, 1941, which I wrote to the Attorney General.

The VICE PRESIDENT. Without objection, it is so ordered.

The letters are as follows:

JANUARY 7, 1942.

HON. FREDERICK VAN NUYS,
Chairman, Senate Judiciary Committee,
United States Senate.

DEAR SENATOR VAN NUYS: I am enclosing a copy of a letter written December 17 to the Honorable Francis Biddle, Attorney General of the United States, which will explain itself.

This letter was written with reference to particular suits pending before the Federal District Court for the Southern District of New York and the New York State Supreme Court in a minority stockholders' action against officials of certain large corporations.

At this writing, I have had no reply to my letter and because of the subject matter and because of the fact the consent decrees which are sought are now being given consideration by the court, I thought the contents of my letter should be known to the Judiciary Committee of the Senate not only for their interest, but in case they might feel that some recommendation from this important committee would be helpful in correcting a situation that the facts indicate may need looking into.

In addition to my letter to Attorney General Biddle, I am enclosing a copy of the Senate hearings to which reference is made in my letter.

With assurances of my esteem, I am

Sincerely yours,

CHARLES W. TOBEY.

DECEMBER 17, 1941.

HON. FRANCIS BIDDLE,
Attorney General of the United States,
Washington, D. C.

DEAR SIR: Because of your interest in judicial reform as demonstrated by your recent appearance before the judiciary committee to testify on pending legislation to make more expeditious the removal of judicial officials suspected of conduct unworthy of a judge, I wish to bring to your attention the matter of consent decrees which do not always place our Federal courts in a most favorable light.

There is pending before the Federal District Court for the Southern District of New York, and also before the New York State Supreme Court, two very similar minority stockholders' actions against officials of certain large corporations, namely the Radio Corporation of America, General Electric Co., and Westinghouse Electric and Manufacturing Co. In those actions it is charged that certain officials illegally diverted from the Radio Corporation of America many millions of dollars. It is my understanding that the charges pending before the Federal District Court for the Southern District of New York in the case of *Salvetz et al. v. Radio Corporation of America et al.* are similar to the charges contained in the case pending before the New York Supreme Court.

It has come to my attention that while those cases were on trial recently before the New York State Supreme Court certain officials of the General Electric Co. and the Westinghouse Electric & Manufacturing Co., through their attorneys, rather than testify in open court and subject themselves and others to examination have offered to pay out of the moneys of those two companies the sum of \$1,000,000. One element in the case that is of great interest to me is that this offer is conditioned on the dismissal without trial of the similar charges pending in the Federal District Court for the Southern District of New York.

I believe that the new Federal rules of civil procedure provide that the justices of Federal courts must approve consent decrees in representative suits, presumably because of the interest of the great number of stockholders involved. According to that rule, it is my understanding that the justices of the Federal District Court for the Southern District of New York must approve such a settlement before such charges can be withdrawn.

Those suits were filed on the part of certain shareholders or their attorneys, representing but a fraction of 1 percent of some 16,000,000 shares issued and presumably those suits were instituted for the benefit of all the shareholders or of all parties similarly situated.

In view of the fact that 16,000,000 shares of stock have been issued by the Radio Corporation of America, and in view of the further fact that a dozen or more of the complainants' attorneys will deduct their fees, costs, and expenditures from the \$1,000,000 given in settlement, I fail to see how, under that agreement, any material financial benefit will accrue to the vast number of shareholders who invested their savings in this company.

That tentative consent decree is of special interest to me from a legislative viewpoint because of the fact that the offer to pay \$1,000,000 is conditioned upon the withdrawal by complainants' attorneys, without trial, of the similar charges pending before the Federal District Court for the Southern District of New York.

My interest is increased by the fact that that very matter was the subject some months ago of considerable discussion before the Senate Interstate Commerce Committee, of which I am a member.

The matter came before us in connection with the nomination of the late Federal Communications Commissioner, Thad H. Brown. At that time we were seeking to determine whether the officials of these large corporations had been guilty of dissipating the funds belonging to the stockholders. Two of the attorneys representing those large companies, namely, Messrs. Manton Davis and Joseph Proskauer, when questioned as to the details of the alleged dissipation of funds, begged the committee not to pry into the details thereof because those matters were pending before the courts where the charges would be fully met.

For instance, on page 311 of the hearings, copy of which I enclose, Mr. Proskauer says: "We shall meet that case in court from the time it comes, and I will assure this committee that there will never be a settlement of that case. I think this will be litigated and that all these things will be tried out in a court of law."

On page 315 of the same hearings we are told of the official positions held by Mr. Davis and Mr. Proskauer. Mr. Davis there says: "The R. C. A. has staff counsel, of which I am chief. In these cases we have trial counsel, and Judge Proskauer, who has addressed you, is the chief of the trial counsel for the defendants in this case."

"If my recollection serves me, sir, the illegality of the cross-licensing agreements which was the issue in the Government suit that was withdrawn by consent decree is realigned in these cases."

For instance, when I asked Mr. Proskauer this question, "That radio stock taken by General Electric and Westinghouse was not returned to R. C. A.?", Mr. Proskauer answered, "I cannot try that case here" (p. 315).

When I asked for further information, Mr. Davis replied: "Those are issues that are pending before the Court in respect to which I think you ought not to make us disclose our defenses" (p. 316).

There was a committee of Congress trying to determine whether irregularities existed

in certain transactions. For 8 years cases had been filed against Radio Corporation of America by different individuals, but not once had Radio Corporation of America gone to trial on the issues, and the attorneys for Radio Corporation of America enjoined this committee from looking into the matter on the assurance that a full disclosure of the facts would be had at the trial.

I appreciate the fact that you, as Attorney General of the United States, have no control over the activities or conduct of the judges of the New York State Supreme Court. However, I would appreciate receiving your opinion as to whether a case can thus be taken out of the Federal district court without proper presentation of evidence before that court. Is it possible under existing rules of procedure to thus preclude trial on the merits of the case in a Federal court by a consent agreement approved by a State court, in a case such as this where minority shareholders seek an accounting of the moneys and other properties of the corporation?

The Senate Committee on Interstate Commerce, before which evidence was taken under oath on these matters, has not yet made a report to the Senate of the United States thereon. I am assuming that we will soon reach the point in our legislative work when we will have the time to consider the evidence taken and make such report and recommendations to the Senate as the members of the committee term advisable.

After you have had an opportunity to consider the serious charges made before the Senate Committee on Interstate Commerce, and the supporting evidence contained in the record of the hearings enclosed herewith, I would appreciate a statement from you as to whether or not, from your experience with Federal court procedure, there is need for additional legislation to protect parties involved in representative suits or whether there is any way under existing law whereby the interest of the shareholders can be protected, for instance, by calling the attention of the chief justice of the supreme court of New York to the long line of consent decrees that have preceded this last tentative agreement and the possibility of fraud existing therein.

Sincerely yours,

CHARLES W. TOBEY.

STATEMENT BY PAUL L. SPECHT

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a statement prepared by the famous band leader and pioneer in modern music, Hon. Paul L. Specht, of Sinking Spring, Pa.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

That great soldier, statesman, scholar and master of men and nations, Napoleon Bonaparte, once said:

"Of all the fine arts, music has the greatest influence on the passions of men; therefore, the legislator should make it one of his chief concerns."

Is the United States of America and its Navy and Army Departments aware of the tremendous influence of music on its warriors, and are our Federal executives making music one of their chief concerns in building a supreme force of fighting men? Is the right kind of modern, soul-stirring music, important to our fighting forces, and has our Government progressed in this direction of replacing the old type of military music with modern American swing music that our soldier boys between the ages of 18 and 35 like best?

Modern dance music is certainly not a luxury. It can be a powerful factor and necessity in building morale in our fighting ranks.

	Value of imports
Group 2:	
Oil seeds.....	\$22,555,356
Vegetable oils.....	39,738,201
Essential oils.....	6,662,166
Seeds, except oil seeds.....	1,453,175
Miscellaneous vegetable products.....	3,120,860
Jute, hemp.....	13,483,860
Other vegetable fibers.....	23,584,668
Wool and mohair, etc.....	163,272,285
Wool, semimanufactures.....	6,514,615
Wool, manufactures.....	14,066,202
	<hr/> 294,451,388 <hr/>

Total agricultural imports
of all groups for first 9
months of 1941..... 876,522,128

In reference to Russian and British food demands, Mr. L. V. Burton, editor of Food Industries, writing for the January 1 issue of the Washington Star, said, in part, as follows:

"In the next year, therefore, it seems likely that the demands on the United States for processed foods—i. e., foods manufactured into nonperishable form—will jump from a population demand of perhaps 140,000,000 today to about 200,000,000 by the end of 1942."

If new federally irrigated lands are going to be required to produce a part of the greatly increased demand for food, or to make up a part of the food deficit caused by curtailed imports, that fact should be ascertained now, so that construction work on such projects as may be needed could be expedited at once.

Respectfully submitted.

F. O. HAGIE,
Secretary-Manager, National
Reclamation Association.

FOUNDATIONS OF THE PEACE—ARTICLE BY THE VICE PRESIDENT

[Mr. DOWNEY asked and obtained leave to have printed in the RECORD an article entitled "Foundations of the Peace," written by Hon. HENRY A. WALLACE, Vice President of the United States, and printed in the current issue of the Atlantic Monthly, which appears in the Appendix.]

ST. PIERRE AND MIQUELON—LETTER FROM W. W. SANDERSON

[Mr. DOWNEY asked and obtained leave to have printed in the RECORD a letter addressed to him by W. W. Sanderson, of San Francisco, Calif., relative to the islands of St. Pierre and Miquelon, which appears in the Appendix.]

FRED FARNER AND DORIS M. SCHROEDER—CONFERENCE REPORT

Mr. BROWN submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 3141) for the relief of Fred Farner and Doris M. Schroeder, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment, as follows:

In lieu of the figures "\$2,500" insert "\$3,000"; and the Senate agree to the same.

PRENTISS M. BROWN,
JOSEPH ROSIER,
ARTHUR CAPPER,

Managers on the part of the Senate.

DAN R. MCGEEHEE,
ROBERT RAMSPECK,

Managers on the part of the House.

The report was agreed to.

CATHARINE SCHULTZE—CONFERENCE REPORT

Mr. BROWN submitted the following report.

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 4622) for the relief of Catharine Schultze, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment, as follows:

In lieu of the figures "\$2,000" insert "\$3,000"; and the Senate agree to the same.

PRENTISS M. BROWN,
JAMES H. HUGHES,
ARTHUR CAPPER,

Managers on the part of the Senate.

DAN R. MCGEEHEE,
ROBERT RAMSPECK,

Managers on the part of the House.

The report was agreed to.

PRICE CONTROL

The Senate resumed the consideration of the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment, in the nature of a substitute, reported by the committee.

The amendment was to strike out all after the enacting clause and to insert:

TITLE I—GENERAL PROVISIONS AND AUTHORITY PURPOSES; TIME LIMIT; APPLICABILITY

SECTION 1. (a) It is hereby declared that it is in the interest of the national defense and security and necessary to the effective prosecution of the present war, and the purposes of this act are, to stabilize prices and to prevent speculative, unwarranted, and abnormal increases in prices and rents; to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities caused by or contributing to the national emergency; to protect persons with relatively fixed and limited incomes, consumers, wage earners, investors, and persons dependent on life insurance, annuities, and pensions, from undue impairment of their standard of living; to prevent hardships to persons engaged in business, to endowed schools, universities, and other institutions, and to the Federal, State, and local governments, which would result from abnormal increases in prices; to assist in securing adequate production of commodities and facilities; and to permit voluntary cooperation between the Government and producers, processors, and others to accomplish the aforesaid purposes. It shall be the policy of those departments and agencies of the Government dealing with wages (including the Department of Labor and its various bureaus, the War Department, the Navy Department, the Office of Production Management, the National Labor Relations Board, the Railway Labor Board, the National Defense Mediation Board, and others), within the limits of their authority and jurisdiction, to work toward a stabilization of prices and cost of production.

(b) The provisions of this act, and all regulations, orders, price schedules, and requirements thereunder, shall terminate on June 30, 1943, or upon the date of a proclamation by the President that the further continuance of the authority granted by this act is not necessary in the interest of the na-

tional defense and security, or upon the date of enactment of an act of Congress terminating such authority, whichever date is the earlier; except that as to offenses committed, or rights or liabilities incurred, prior to such termination date, the provisions of this act and such regulations, orders, price schedules, and requirements shall be treated as still remaining in force for the purpose of sustaining any proper suit, action, or prosecution with respect to any such right, liability, or offense.

(c) The provisions of this act shall be applicable to the United States, its Territories and possessions, and the District of Columbia.

PRICES, RENTS, AND MARKET AND RENTING PRACTICES

SEC. 2. (a) Whenever in the judgment of the Price Administrator (provided for in sec. 201) the price or prices of a commodity or commodities have risen or threaten to rise to an extent or in a manner inconsistent with the purposes of this act, he may by regulation or order establish such maximum price or maximum prices as in his judgment will be generally fair and equitable and will effectuate the purposes of this act. So far as practicable, in establishing any maximum price, the Administrator shall ascertain and give due consideration to the prices prevailing between October 1 and October 15, 1941 (or if for any reason such period reflects abnormal market conditions for a particular commodity, then during the nearest 2-week period which is not abnormal as determined by the Administrator), for the commodity or commodities included under such regulation or order, and shall make adjustments for such relevant factors as he may determine and deem to be of general applicability, including the following: Speculative fluctuations, general increases or decreases in costs of production, distribution, and transportation, and general increases or decreases in profits earned by sellers of the commodity or commodities, during and subsequent to the year ended October 1, 1941. Every regulation or order issued under the foregoing provisions of this subsection shall be accompanied by a statement of the considerations involved in the issuance of such regulation or order. As used in the foregoing provisions of this subsection, the term "regulation or order" means a regulation or order of general applicability and effect. Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this act, he may, without regard to the foregoing provisions of this subsection, issue temporary regulations or orders establishing as a maximum price or maximum prices the price or prices prevailing with respect to any commodity or commodities on the date of issuance of such temporary regulations or orders; but any such temporary regulation or order shall be effective for not more than 60 days, and may be replaced by a regulation or order issued under the foregoing provisions of this subsection.

(b) Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this act, he shall issue declarations setting forth the necessity for, and recommendations with reference to, the stabilization or reduction of rents for defense-area housing accommodations within defense-rental areas. If within 60 days after the issuance of any such recommendations rents for any such accommodations have not in the judgment of the Administrator been stabilized or reduced by State or local regulation, or otherwise, in accordance with the recommendations, the Administrator shall by regulation or order establish such maximum rent or maximum rents for such accommodations as in his judgment will be generally fair and equitable and will effectuate the purposes of this act. So far as practicable, in establishing any maximum rent for any defense-

area housing accommodations, the Administrator shall ascertain and give due consideration to the rents prevailing for such accommodations, or comparable accommodations, on or about the date (not earlier than April 1, 1940) on which, in the judgment of the Administrator, defense activities have resulted or threaten to result in an increase in the rents for housing accommodations inconsistent with the purposes of this act, and he shall make adjustments for such relevant factors as he may determine and deem to be of general applicability in respect of such accommodations, including increases or decreases in property taxes and other costs, subsequent to such date and for the preceding 12 months. In designating defense-rental areas, in prescribing maximum rents for such accommodations, and in selecting persons to administer such maximum rents, the Administrator shall, to such extent as he determines to be practicable, consider any recommendations which may be made by State and local officials concerned with housing or rental conditions in any defense-rental area.

(c) Any regulation or order under this act may be established in such form and manner, may contain such classifications and differentiations, and may provide for such adjustments and reasonable exceptions, as in the judgment of the Administrator are necessary or proper in order to effectuate the purposes of this act. Any regulation or order under this section which establishes a maximum price or maximum rent may provide for a maximum price or maximum rent below the price or prices prevailing for the commodity or commodities, or below the rent or rents prevailing for the defense-area housing accommodations, at the time of the issuance of such regulation or order.

(d) Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this act, he may, by regulation or order, regulate or prohibit speculative or manipulative practices (including practices relating to changes in form or quality) or hoarding, in connection with any commodity, and speculative or manipulative practices or renting or leasing practices (including practices relating to recovery of the possession), in connection with any defense-area housing accommodations, which in his judgment are equivalent to or are likely to result in price or rent increases, as the case may be, inconsistent with the purposes of this act.

(e) Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this act, he may, in order to obtain the maximum necessary production of any commodity, whether by purchase from marginal or high-cost producers or others, or to prevent price increases inconsistent with the purposes of this act, buy or sell at public or private sale, or store or use on behalf of the United States, any commodity, upon such terms as he shall deem necessary without regard to any provision of law requiring competitive bidding: *Provided*, That any materials which have been heretofore or may hereafter be defined as strategic and critical materials and supplies by the President pursuant to section 5d of the Reconstruction Finance Corporation Act, as amended, may be bought or sold or stored or used, in order to carry out the purposes of this act, only by corporations created or organized pursuant to said section 5d, upon such terms and conditions as they may determine, and only with the approval of the President and the Federal Loan Administrator; except that in the case of the sale of any commodity by any such corporation, the sale price therefor shall not exceed any maximum price established pursuant to subsection (a) of this section which is applicable to such commodity at the time of sale or delivery, but such sale price may be below such maximum price or below the purchase price of such commodity, and the Administrator may

make recommendations with respect to the buying or selling, or storage or use, of any such commodity. In any case in which a commodity is domestically produced, the powers granted to the Administrator by this subsection shall be exercised with respect to importations of such commodity only to the extent that, in the judgment of the Administrator, the domestic production of the commodity is not sufficient to satisfy the demand therefor. The proceeds of any sale by the Administrator under this subsection shall be used as a revolving fund for carrying out the provisions of this subsection. Nothing in this section shall be construed to modify, suspend, amend, or supersede any provision of the Tariff Act of 1930, as amended, and nothing in this section, or in any existing law, shall be construed to authorize any sale or other disposition of any agricultural commodity contrary to the provisions of the Agricultural Adjustment Act of 1938, as amended.

(f) No power conferred by this section shall be construed to authorize any action contrary to the provisions and purposes of section 3.

(g) Regulations, orders, and requirements under this act may contain such provisions as the Administrator deems necessary to prevent the circumvention or evasion thereof.

AGRICULTURAL COMMODITIES

SEC. 3. (a) No maximum price shall be established for any agricultural commodity below (1) the market price equivalent to 110 percent of the parity price or comparable price for such commodity, adjusted for grade, location, and seasonal differentials, as determined and published by the Secretary of Agriculture; or (2) the market price prevailing for such commodity on October 1, 1941.

(b) For the purposes of this act, parity prices shall be determined and published by the Secretary of Agriculture as authorized by law: *Provided*, That in the case of any agricultural commodity other than the basic crops—corn, wheat, cotton, rice, tobacco, and peanuts—the Secretary shall determine and publish a comparable price, whenever he finds, after investigation and public hearing, that the production and consumption of such commodity has so changed in extent or character since the base period as to result in a price out of line with parity prices for basic commodities.

(c) Any maximum price established for any commodity processed or manufactured in whole or substantial part from any agricultural commodity shall be consistent with the purposes set forth in subsection (a) of this section and shall not be established in any manner as to circumvent, vitiate, or prevent the effectuation of such purposes.

(d) No provision of this act or of any existing law shall be construed to authorize any action contrary to the provisions and purposes of this section.

(e) If a maximum price has been established for any agricultural commodity and thereafter a parity price as determined and published by the Secretary of Agriculture is more than 3 percent above or below the parity price to which the prevailing maximum price applies, the maximum price established for such commodity shall be readjusted and based upon such later parity price until a further adjustment is required under this subsection.

PROHIBITIONS

SEC. 4. (a) It shall be unlawful, regardless of any contract, agreement, lease, or other obligation heretofore or hereafter entered into, for any person to sell or deliver any commodity, or in the course of trade or business to buy or receive any commodity, or to demand or receive any rent for any defense-area housing accommodations, or otherwise to do or omit to do any act, in violation of any regulation or order establishing a maximum price or maximum rent, or of any other regulation, order, or requirement under this

act, or to offer, solicit, attempt, or agree to do any of the foregoing. As used in this subsection, the term "maximum price" shall include (1) any price schedule issued by the Administrator of the Office of Price Administration or the Administrator of the Office of Price Administration and Civilian Supply, prior to the date upon which the Administrator provided for by section 201 of this act takes office, which is effective in accordance with the provisions of section 206 of this act, or (2) any maximum price established by a regulation or order issued by such Administrator after he takes office; and the term "maximum rent" shall include any maximum rent established by a regulation or order issued by such Administrator after he takes office.

(b) It shall be unlawful for any person to remove or attempt to remove from any defense-area housing accommodations the tenant or occupant thereof or to refuse to renew the lease or agreement for the use of such accommodations, because such tenant or occupant has taken, or proposes to take, action authorized or required by this act or any regulation, order, or requirement thereunder.

(c) It shall be unlawful for any officer or employee of the Government, or for any adviser or consultant to the Administrator in his official capacity, to disclose, otherwise than in the course of official duty, any information obtained under this act, or to use any such information, for personal benefit.

(d) Nothing in this act shall be construed to require any person to sell any commodity or to offer any accommodations for rent.

VOLUNTARY AGREEMENTS

SEC. 5. In carrying out the provisions of this act, the Administrator is authorized to confer with producers, processors, manufacturers, retailers, wholesalers, and other groups having to do with commodities, and with representatives and associations thereof, to cooperate with any agency or person, and to enter into voluntary arrangements or agreements with any such persons, groups, or associations relating to the fixing of maximum prices, the issuance of other regulations or orders, or otherwise.

TITLE II—ADMINISTRATION AND ENFORCEMENT

ADMINISTRATION

SEC. 201. (a) There is hereby created an Office of Price Administration, which shall be under the direction of a Price Administrator (referred to in this act as the "Administrator"). The Administrator shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of \$12,000 per annum. The Administrator may, subject to the civil-service laws, appoint such employees as he deems necessary in order to carry out his functions and duties under this act, and shall fix their compensation in accordance with the Classification Act of 1923, as amended. The Administrator may utilize the services of Federal, State, and local agencies and may utilize and establish such regional, local, or other agencies, and utilize such voluntary and uncompensated services, as may from time to time be needed. Attorneys appointed under this section may appear for and represent the Administrator in any case in any court. In the appointment, selection, classification, and promotion of officers and employees of the Office of Price Administration, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency.

(b) The principal office of the Administrator shall be in the District of Columbia, but he or any duly authorized representative may exercise any or all of his powers in any place. The President is authorized to transfer any of the powers and functions conferred by this act upon the Office of Price Administration with respect to a particular

commodity or commodities to any other department or agency of the Government having other functions with relation to such commodity or commodities, and to transfer to the Office of Price Administration any of the powers and functions conferred by law upon any other department or agency of the Government with respect to any particular commodity or commodities other than agricultural commodities, including the power to order priorities, purchase, sell, store, handle, or otherwise deal with any such commodity or commodities.

(c) The Administrator shall have authority to make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere; for lawbooks and books of reference; and for paper, printing, and binding) as he may deem necessary for the administration and enforcement of this act. The provisions of section 3709 of the Revised Statutes shall not apply to the purchase of supplies and services by the Administrator where the aggregate amount involved does not exceed \$250.

(d) The Administrator may, from time to time, issue such regulations and orders as he may deem necessary or proper in order to carry out the purposes and provisions of this act.

SEC. 202. (a) The Administrator may make such studies and investigations, and obtain or require the furnishing of such information under oath or affirmation or otherwise, as he deems necessary or proper to assist him in prescribing any regulation or order under this Act, or in the administration and enforcement of this act and regulations, orders, and price-schedules thereunder. For such purposes the Administrator may administer oaths and affirmations, may require by subpoena or otherwise the attendance and testimony of witnesses and the production of documents at any designated place, may require persons to permit the inspection and copying of documents, the inspection of defense-area housing accommodations, and the inspection of inventories, and may, by regulation or order, require the making and keeping of records and other documents and the making of reports. No person shall be excused from complying with any requirements under this section because of his privilege against self-incrimination, but the immunity provisions of the Compulsory Testimony Act of February 11, 1893 (U. S. C., 1934 ed., title 49, sec. 46), shall apply with respect to any individual who specifically claims such privilege.

(b) The Administrator shall not publish or disclose any information obtained under this act that such Administrator deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information, unless he determines that the withholding thereof is contrary to the interest of the national defense and security.

PROCEDURE

SEC. 203. (a) Within a period of 60 days after the issuance of any regulation or order under section 2, or in the case of a price schedule, within a period of 60 days after the effective date thereof specified in section 206, any person subject to any provision of such regulation, order, or price schedule may, in accordance with regulations to be prescribed by the Administrator, file a protest specifically setting forth objections to any such provision and affidavits or other written evidence in support of such objections. At any time after the expiration of such 60 days any person subject to any provision of such regulation, order, or price schedule may file such a protest based solely on grounds arising after the expiration of such 60 days. Statements in support of any such regulation, order, or price schedule may be received and incorporated in the transcript of the proceedings at such times and in

accordance with such regulations as may be prescribed by the Administrator. Within a reasonable time after the filing of any protest under this subsection, but in no event more than 30 days after such filing or 90 days after the issuance of the regulation or order (or in the case of a price schedule, 90 days after the effective date thereof specified in section 206) in respect of which the protest is filed, whichever occurs later, the Administrator shall either grant or deny such protest in whole or in part, notice such protest for hearing, or provide an opportunity to present further evidence in connection therewith. In the event that the Administrator denies any such protest in whole or in part, he shall inform the protestant of the grounds upon which such decision is based, and of any economic data and other facts of which the Administrator has taken official notice.

(b) In the administration of this act the administrator may take official notice of economic data and other facts, including facts found by him as a result of action taken under section 202.

(c) Any proceedings under this section may be limited by the Administrator to the filing of affidavits, or other written evidence, and the filing of briefs.

REVIEW

SEC. 204. (a) Any protestant who is aggrieved by the denial or partial denial of his protest may, within 30 days after such denial, file a complaint with the Emergency Court of Appeals, created pursuant to subsection (c), specifying his objections and praying that the regulation, order, or price schedule protested be enjoined or set aside in whole or in part. A copy of such complaint shall forthwith be served on the Administrator, who shall certify and file with such court a transcript of such portions of the proceedings in connection with the protest as are material under the complaint. Such transcript shall include a statement setting forth, so far as practicable, the economic data and other facts of which the Administrator has taken official notice. Upon the filing of such complaint the court shall have exclusive jurisdiction to set aside such regulation, order, or price schedule, in whole or in part, to dismiss the complaint, or to remand the proceeding: *Provided*, That the regulation, order, or price schedule may be modified or rescinded by the Administrator at any time notwithstanding the pendency of such complaint. No objection to such regulation, order, or price schedule, and no evidence in support of any objection thereto, shall be considered by the court, unless such objection shall have been set forth by the complainant in the protest or such evidence shall be contained in the transcript. If application is made to the court by either party for leave to introduce additional evidence which was either offered to the Administrator and not admitted, or which could not reasonably have been offered to the Administrator or included by the Administrator in such proceedings, and the court determines that such evidence should be admitted, the court shall order the evidence to be presented to the Administrator. The Administrator shall promptly receive the same, and such other evidence as he deems necessary or proper, and thereupon he shall certify and file with the court a transcript thereof and any modification made in the regulation, order, or price schedule as a result thereof; except that on request by the Administrator, any such evidence shall be presented directly to the court.

(b) No such regulation, order, or price schedule shall be enjoined or set aside, in whole or in part, unless the complainant establishes to the satisfaction of the court that the regulation, order, or price schedule is not in accordance with law, or is arbitrary or capricious. The effectiveness of a judgment of the court enjoining or setting aside, in

whole or in part, any such regulation, order, or price schedule shall be postponed until the expiration of 30 days from the entry thereof, except that if a petition for a writ of certiorari is filed with the Supreme Court under subsection (d) within such 30 days, the effectiveness of such judgment shall be postponed until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the case by the Supreme Court.

(c) There is hereby created a court of the United States to be known as the Emergency Court of Appeals, which shall consist of three or more judges to be designated by the Chief Justice of the United States from judges of the United States district courts and circuit courts of appeals. The Chief Justice of the United States shall designate one of such judges as chief judge of the Emergency Court of Appeals, and may, from time to time, designate additional judges for such court and revoke previous designations. The chief judge may, from time to time, divide the court into divisions of three or more members, and any such division may render judgment as the judgment of the court. The court shall have the powers of a district court with respect to the jurisdiction conferred on it by this act; except that the court shall not have power to issue any temporary restraining order or interlocutory decree staying or restraining, in whole or in part, the effectiveness of any regulation or order issued under section 2 or any price schedule effective in accordance with the provisions of section 206. The court shall exercise its powers and prescribe rules governing its procedure in such manner as to expedite the determination of cases of which it has jurisdiction under this act. The court shall have a seal, hold sessions at such places as it may specify, and appoint a clerk and such other employees as it deems necessary or proper.

(d) Within 30 days after entry of a judgment or order, interlocutory or final, by the Emergency Court of Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment or order shall be subject to review by the Supreme Court in the same manner as a judgment of a circuit court of appeals as provided in section 240 of the Judicial Code, as amended (U. S. C., 1934 ed., title 28, sec. 347). The Supreme Court shall advance on the docket and expedite the disposition of all causes filed therein pursuant to this subsection. The Emergency Court of Appeals, and the Supreme Court upon review of judgments and orders of the Emergency Court of Appeals, shall have exclusive jurisdiction to determine the validity of any regulation or order issued under section 2, of any price schedule effective in accordance with the provisions of section 206, and of any provision of any such regulation, order, or price schedule. Except as provided in this section, no court, Federal, State, or Territorial, shall have jurisdiction or power to consider the validity of any such regulation, order, or price schedule, or to stay, restrain, enjoin, or set aside, in whole or in part, any provision of this act authorizing the issuance of such regulations or orders, or making effective any such price schedule, or any provision of any such regulation, order, or price schedule, or to restrain or enjoin the enforcement of any such provision.

ENFORCEMENT

SEC. 205. (a) Whenever in the judgment of the Administrator any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 4 of this act, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the Administrator that such person has en-

gaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

(b) Any person who willfully violates any provision of section 4 of this act, and any person who makes any statement or entry false in any material respect in any document or report required to be kept or filed under section 2 or section 202, shall, upon conviction thereof, be subject to a fine of not more than \$5,000, or to imprisonment for not more than 2 years in the case of a violation of section 4 (c) and for not more than 1 year in all other cases, or to both such fine and imprisonment. Whenever the Administrator has reason to believe that any person is liable to punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

(c) The district courts shall have jurisdiction of criminal proceedings for violations of section 4 of this act, and, concurrently with State and Territorial courts, of all other proceedings under section 205 of this act. Such criminal proceedings may be brought in any district in which any part of any act or transaction constituting the violation occurred. Except as provided in section 205 (f) (2), such other proceedings may be brought in any district in which any part of any act or transaction constituting the violation occurred, and may also be brought in the district in which the defendant resides or transacts business, and process in such cases may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found. Any such court shall advance on the docket and expedite the disposition of any criminal or other proceedings brought before it under this section. No costs shall be assessed against the Administrator or the United States Government in any proceeding under this act.

(d) No person shall be held liable for damages or penalties in any Federal, State, or Territorial court, on any grounds for or in respect of anything done or omitted to be done in good faith pursuant to any provision of this act or any regulation, order, price schedule, requirement, or agreement entered into thereunder, or under any price schedule of the Administrator of the Office of Price Administration or of the Administrator of the Office of Price Administration and Civilian Supply, notwithstanding that subsequently such provision, regulation, order, price schedule, requirement, or agreement may be modified, rescinded, or determined to be invalid. In any suit or action wherein a party relies for ground of relief or defense upon this act or any regulation, order, price schedule, requirement, or agreement thereunder, the court having jurisdiction of such suit or action shall certify such fact to the Administrator. The Administrator may intervene in any such suit or action.

(e) If any person selling a commodity violates a regulation, order, or price schedule prescribing a maximum price or maximum prices, the person who buys such commodity for use or consumption other than in the course of trade or business may bring an action either for \$50 or for treble the amount by which the consideration exceeded the applicable maximum price, whichever is the greater, plus reasonable attorney's fees and costs as determined by the court. For the purposes of this section the payment or receipt of rent for defense-area housing accommodations shall be deemed the buying or selling of a commodity, as the case may be. If any person selling a commodity violates a regulation, order, or price schedule prescribing a maximum price or maximum prices, and the buyer is not entitled to bring suit or action under this subsection, the Administrator may bring such action under this subsection on behalf of the United States. Any suit or action under this subsection may be

brought in any court of competent jurisdiction, and shall be instituted within 1 year after delivery is completed or rent is paid. The provisions of this subsection shall not take effect until after the expiration of 6 months from the date of enactment of this act.

(f) (1) Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this act and to assure compliance with and provide for the effective enforcement of any regulation or order issued or which may be issued under section 2, or of any price schedule effective in accordance with the provisions of section 206, he may by regulation or order issue to or require of any person or persons subject to any regulation or order issued under section 2, or subject to any such price schedule, a license as a condition of selling any commodity or commodities with respect to which such regulation, order or price schedule is applicable. It shall not be necessary for the Administrator to issue a separate license for each commodity or for each regulation, order or price schedule with respect to which a license is required. No such license shall contain any provision which could not be prescribed by regulation, order, or requirement under section 2 or section 202: *Provided*, That no such license may be required as a condition of selling or distributing (except as waste or scrap) newspapers, periodicals, books, or other printed or written material, or as a condition of selling radio time: *Provided further*, That no license may be required of any farmer as a condition of selling any agricultural commodity produced by him: *Provided further*, That in any case in which such a license is required of any person, the Administrator shall not have power to deny to such person a license to sell any commodity or commodities, unless such person already has such a license to sell such commodity or commodities, or unless there is in effect under paragraph (2) of this subsection with respect to such person an order of suspension of a previous license to the extent that such previous license authorized such person to sell such commodity or commodities.

(2) Whenever in the judgment of the Administrator a person has violated any of the provisions of a license issued under this subsection, or has violated any of the provisions of any regulation, order, or requirement under section 2 or section 202, or any of the provisions of any price schedule effective in accordance with the provisions of section 206, which is applicable to such person, a warning notice shall be sent by registered mail to such person. If the Administrator has reason to believe that such person has again violated any of the provisions of such license, regulation, order, price schedule, or requirement after receipt of such warning notice, the Administrator may petition any State or Territorial court of competent jurisdiction, or a district court subject to the limitations hereinafter provided, for an order suspending the license of such person for any period of not more than 12 months. If any such court finds that such person has violated any of the provisions of such license, regulation, order, price schedule, or requirement after the receipt of the warning notice, such court shall issue an order suspending the license to the extent that it authorizes such person to sell the commodity or commodities in connection with which the violation occurred, or to the extent that it authorizes such person to sell any commodity or commodities with respect to which a regulation or order issued under section 2 is applicable; but no such suspension shall be for a period of more than 12 months. For the purposes of this subsection, any such proceedings for the suspension of a license may be brought in a district court if the licensee is doing business in more than one State, or if his principal place of business is located in or within 50

miles of a city or community in which a district court regularly convenes, or if his gross sales exceed \$50,000 per annum. Within 30 days after the entry of the judgment or order of any court either suspending a license, or dismissing or denying in whole or in part the Administrator's petition for suspension, an appeal may be taken from such judgment or order in like manner as an appeal may be taken in other cases from a judgment or order of a State, Territorial, or district court, as the case may be. The Administrator may modify or rescind the requirement of a license at any time. Upon good cause shown, any such order of suspension may be stayed by the appropriate court or any judge thereof in accordance with the applicable practice. Any such order of suspension shall be affirmed by the appropriate appellate court if, under the applicable rules of law, the evidence in the record supports a finding that there has been a violation of any provision of the license after the person to whom such license was issued has received a warning notice. No proceedings for suspension of a license, and no such suspension, shall confer any immunity from any other provision of this act.

SAVING PROVISIONS

SEC. 206. Any price schedule establishing a maximum price or maximum prices, issued by the Administrator of the Office of Price Administration or the Administrator of the Office of Price Administration and Civilian Supply, prior to the date upon which the Administrator provided for by section 201 of this act takes office, shall, from such date, have the same effect as if issued under section 2 of this act until such price schedule is superseded by action taken pursuant to such section 2. Such price schedules shall be consistent with the standards contained in section 2 and the limitations contained in section 3 of this act, and shall be subject to protest and review as provided in section 203 and section 204 of this act. All such price schedules shall be reprinted in the Federal Register within 10 days after the date upon which such Administrator takes office.

TITLE III—MISCELLANEOUS

QUARTERLY REPORT

SEC. 301. The Administrator from time to time, but not less frequently than once every 90 days, shall transmit to the Congress a report of operations under this act. If the Senate or the House of Representatives is not in session, such reports shall be transmitted to the Secretary of the Senate, or the Clerk of the House of Representatives, as the case may be.

DEFINITIONS

SEC. 302. As used in this act—

(a) The term "sale" includes sales, dispositions, exchanges, leases, and other transfers, and contracts and offers to do any of the foregoing. The terms "sell," "selling," "seller," "buy," and "buyer," shall be construed accordingly.

(b) The term "price" means the consideration demanded or received in connection with the sale of a commodity.

(c) The term "commodity" means commodities, articles, products, and materials (except books, magazines, periodicals and newspapers, other than as waste or scrap), and it also includes services rendered otherwise than as an employee in connection with the processing, distribution, storage, installation, repair, or negotiation of purchases or sales of a commodity, or in connection with the operation of any service establishment for the servicing of a commodity: *Provided*, That nothing in this act shall be construed to authorize the regulation of (1) compensation paid by an employer to any of his employees, or (2) rates charged by any common carrier or other public utility, or (3) rates charged by any person engaged in the business of selling or underwriting insurance, or (4) rates charged by any person engaged in the

business of operating or publishing a newspaper, periodical, or magazine, or operating a radio-broadcasting station, or (5) rates charged for any professional services.

(d) The term "defense-rental area" means the District of Columbia and any area designated by the Administrator as an area where defense activities have resulted or threaten to result in an increase in the rents for housing accommodations inconsistent with the purposes of this act.

(e) The term "defense-area housing accommodations" means housing accommodations within any defense-rental area.

(f) The term "housing accommodations" means any building, structure, or part thereof, or land appurtenant thereto, or any other real or personal property rented or offered for rent for living or dwelling purposes (including houses, apartments, hotels, rooming or boarding house accommodations, and other properties used for living or dwelling purposes), together with all privileges, services, furnishings, furniture, and facilities connected with the use or occupancy of such property.

(g) The term "rent" means the consideration demanded or received in connection with the use or occupancy or the transfer of a lease of any housing accommodations.

(h) The term "person" includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative of any of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing: *Provided*, That no punishment provided by this act shall apply to the United States, or to any such government, political subdivision, or agency.

(i) The term "maximum price," as applied to prices of commodities, means the maximum lawful price for such commodities, and the term "maximum rent" means the maximum lawful rent for the use of defense-area housing accommodations. Maximum prices and maximum rents may be formulated, as the case may be, in terms of prices, rents, margins, commissions, fees, and other charges, and allowances.

(j) The term "documents" includes records, books, accounts, correspondence, memoranda, and other documents, and drafts and copies of any of the foregoing.

(k) The term "district court" means any district court of the United States, and the United States Court for any Territory or other place subject to the jurisdiction of the United States; and the term "circuit courts of appeals" includes the United States Court of Appeals for the District of Columbia.

SEPARABILITY

SEC. 303. If any provision of this act or the application of such provision to any person or circumstances shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other persons or circumstances shall not be affected thereby.

APPROPRIATIONS AUTHORIZED

SEC. 304. There are authorized to be appropriated such sums as may be necessary or proper to carry out the provisions and purposes of this act.

APPLICATION OF EXISTING LAW

SEC. 305. No provision of law in force on the date of enactment of this act shall be construed to authorize any action inconsistent with the provisions and purposes of this act.

SHORT TITLE

SEC. 306. This act may be cited as the "Emergency Price Control Act of 1942."

Mr. BANKHEAD. Mr. President, I desire to submit a parliamentary inquiry.

The VICE PRESIDENT. The Senator from Alabama will state it.

Mr. BANKHEAD. The report of the committee on the pending measure does not present the House bill with recommended amendments.

As we all know when a committee reports a House bill with amendments, the usual practice is to obtain an agreement to act first on the committee amendments. In this case, instead of presenting the House bill with amendments, the committee has reported one amendment to the entire bill, striking out all after the enacting clause. I think that is a good way to deal with the matter. I am not critical about that phase of the subject, because there are a number of amendments; but the point is, How are amendments to be considered? We have before us a new bill, and we have provisions passed by the House which are not included in the bill as reported to the Senate.

The VICE PRESIDENT. The Chair rules that the committee amendment is in the nature of a substitute, and therefore amendments may be offered as though the amendment were an original bill.

Mr. BANKHEAD. And the sections of the House bill which are omitted will be regarded as eliminated if the substitute is adopted? Is that the idea?

The VICE PRESIDENT. If the Senate adopts the substitute, it naturally strikes out all the House bill.

Mr. BANKHEAD. Very well. I call up the amendment I have offered.

Mr. TAFT. Mr. President, while I have one or two amendments to offer to the pending bill, at the present time I wish to speak generally in favor of the passage of the bill and the importance of passing it in an effective form.

Mr. Henderson started a long time ago to fix prices, without the least vestige or shadow of legal authority. I protested against that attempt at that time, and as long ago as April 26—nearly 9 months from this time—I said:

To secure efficient coordination Congress should immediately enact a statute defining what powers over prices and production the Government must have during the present emergency, limiting the time during which those powers can be exercised, providing for an appeal to a board or a court, and limiting the powers which are definitely required to prevent inflation and subsequent depression.

Certainly no one is more opposed to price fixing in time of peace, in time when there is no emergency, than I am. It is a power which undoubtedly gives government power over life and death of industry. It is a power which disturbs all the normal processes of the free enterprise system, and I certainly should not be for it at the present time unless I thought it was today vitally necessary.

The alternative seems to me to be worse. I believe that if we do not pass a price-control bill we may well see prices mounting to a hundred, two hundred, three hundred, or four hundred percent of what they were when the crisis began. We have already seen the beginning of that process. Yesterday morning I read the report of one index showing that in the last 12 months the increase in wholesale prices has been from 100 to 120 percent, on the average, an increase of 20

percent. There was some increase before that.

During the World War prices increased 120 percent, until they reached about 220 percent of what they were when the war started. Of course, there was practically no control during the first 2 years of the World War, before we were in it. There was no control, and during that time prices increased approximately 80 percent. At this time we face even a larger threat. From the Budget figures which were presented by the President yesterday we see that we have a tremendously increased purchasing power in the United States.

The deficit for the first 6 months of this fiscal year amounted to \$7,300,000,000, plus whatever Jesse Jones may have spent. The President's estimate of the deficit for this entire fiscal year is \$18,000,000,000. His estimate of the deficit for next year, even after the imposition of additional taxes, is \$40,000,000,000.

Personally, it seems to me that we must look forward and prepare, whatever we may hope, for a war lasting 5 years, and I see no hope of balancing the budget during that period, or preventing a tremendous increase in national debt. I think we shall be lucky if at the end of 5 years the debt is not well over \$150,000,000,000, and during that entire time the Government will practically be creating purchasing power out of thin air. We will be paying all the people in the munitions and other plants money with which they can go out and buy everything produced in the United States. To a certain extent, the extent to which we raise taxes, the extent to which we get money from savings, the increase is represented by existing purchasing power; but during the calendar year 1941 the banks have increased their holdings of Government bonds by \$5,000,000,000, which represents pure inflation, pure creation of purchasing power which did not exist, and does not represent production of any value to the civilian population of the United States.

I believe that, regardless of how we may sell defense bonds, it will be necessary to sell a considerable number of bonds to the various banks of the United States, against which they create deposits which are used for additional purchases, at the same time that we are cutting down the supply of practically every commodity which those people must buy. So that if there is no other action than fiscal action, than that which the Treasury may take, it seems to me essential that we try our best to create some form of legal price control, to prevent prices getting out of hand.

I am not too optimistic. We are combatting basic forces which are not easy to combat. If we can possibly hold the increase in prices to 10 percent a year we will have done an extraordinary job, in my opinion. In the last month wholesale prices have increased 3 percent, in 1 month. If we can hold the increase to 10 percent a year, or approximately 1 percent a month, we will have made a real accomplishment, and at the end of 5 years prices will be half again as high as when they began to rise, and there will be real hardship, but it will be

nothing to what can happen if we do not attempt any control whatsoever.

Every group is affected. We hear talk about the farmers and laborers, but every man in the country will suffer from any such inflation of prices as is threatened if we do not take some action on the pending bill.

Of course, it is obvious that wages do not rise as fast as commodity prices. Commodity prices are much more liquid. Wages are ordinarily fixed for a year, and an increase of 10 or 20 percent is not likely to be repeated during the same year. Naturally even wage earners suffer. Obviously, people with fixed salaries suffer even more. Obviously, there is a threat to the very existence of endowed institutions, a large number of which are engaged in the education of our youth. If prices are raised to three or four times what they are, those institutions will have a hard time to survive.

I think the farmer himself suffers when there is an undue rise in prices. We had the example of tremendous inflation in farm prices during the World War, which resulted in a tremendous increase in the price of farm land, leading to bankruptcy for millions of farmers. I do not think anyone in the United States can gain from a complete distortion of prices such as will exist with uncontrolled inflation of prices.

Of course, after the war, the more prices get out of line, the more they get into different adjustments from the normal adjustment, the more violent the reaction will be, the more likely we are to have unemployment, the more likely we are to have depression. Looking forward to the period after the war, we should, so far as we can, hold the present relationships as they are, and not create a distorted position which will result in suffering for every class of people in the United States. The Senator from Michigan—[Mr. BROWN] referred to the tremendous increased cost of the defense program to the Government and the difficulty of all local governments in trying to meet the price increases.

There are other elements of inflation also, because in the last year, so far as I can ascertain, bank loans to private individuals have increased about \$4,000,000,000, and installment sales have probably increased a billion dollars. Those also should be restrained, and they are elements we have to meet in any period of great industrial expansion such as we have today.

The question is how prices can be held down. I do not believe they can be held down unless every class of citizens—farmers, laborers, and businessmen alike—recognizes that everyone must agree that prices and wages shall be more or less stabilized at the present level. There may be adjustments of minor importance. The question between 100 percent and 110 percent of parity seems to me a very minor question, compared with what we will have to face in the future; but fundamentally every group must agree that they must keep their prices and their wages in fairly close relation to what exists today. We can only undertake a program of stabilization.

Of course, there are other ways. We should also, so far as we can, reduce the deficit. We should reduce nondefense expenditures. We should increase taxes as much as we can. We should sell all the bonds we can to individuals so as to represent real savings. We can conserve many different kinds of commodities. We can perhaps increase the production of some. Yet I think when we get all through with that any such program as we face today means an inflation of prices unless we go ahead with price control.

The question is whether the bill is appropriate to that purpose. I think in general it is appropriate to that purpose. Of course, it gives tremendous power to do arbitrary things to everyone in the United States. We must recognize that. When we talk about protecting the farmer, by providing that you cannot place his maximum price below 110 percent of parity, that is a reasonable protection; but nobody else is getting that protection. It is true that we refer to the price from October 1 to 15. It is true that we say the price must be adjusted after that as the cost of production changes. But as a practical matter, the discretion given to the Administrator is wide open, and I do not believe there is in the bill provision for reviewing or revising his view of that situation. The people who are engaged in the mining business, the people who are engaged in other lines of business, have no appeal from his decision that is of any practical value.

I am in favor of 100 percent of parity, and perfectly willing to take 110 percent of parity, but I think it ought to be clear that what we are doing is to protect the farmer against something that we are not protecting anybody else against, and that we are giving, and we must realize that we cannot pass a bill of this kind without giving arbitrary powers to somebody. The powers are so vast that I have offered an amendment to let the actual price fixing be done by a board, an amendment which I shall discuss tomorrow. But, in any event, there seems to me to be no way in which we can seriously or substantially limit the power we are giving to somebody to determine the welfare and the financial existence of many industries and the happiness of many people who depend upon prices and on wages.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. VANDENBERG. In the course of his very able presentation of this matter yesterday my distinguished colleague said the following:

The powers granted by this bill are in an economic sense probably the most tremendous that have ever been granted. This bill goes beyond any legislation that was enacted during the period of the World War.

I was unable yesterday to obtain the floor to interrogate my colleague with respect to that assertion. I am wondering if the able Senator from Ohio, who is also a member of the committee, and who has closely followed the discussion, can tell me to what extent the powers granted

in the bill exceed the price-control powers utilized in the World War, and why the necessity exists for the further extension.

Mr. TAFT. In the World War—and I may say I served as counsel in the Food Administration that drafted a good many of the price-fixing regulations which were made—the Lever Act was confined to food and fuel, to begin with. There was that very substantial limitation. As a matter of fact, the price fixing in the World War was confined to food, which was administered by Mr. Hoover; to fuel, which was administered by Dr. Garfield; and to the commodities needed for the actual production of war materials, which were controlled by Mr. Baruch and his War Industries Board, although he had a price-fixing committee under him. There was, I think, no real legal authority for his actions. They were taken largely by consent and by a certain amount of coercion. So that the subject covered was much narrower.

In addition to that, the Lever Act was a very vague act. At that time Mr. Hoover testified that he was told that they did not feel they could give a man power under the Constitution to fix prices. My recollection is that the only criminal provision was that anyone who charged an unreasonable price should be subject to prosecution, which was subsequently held to be so vague as to be unconstitutional.

The license system was put in that act at Mr. Hoover's suggestion because he did not have power to punish by criminal processes. Through the licensing power he in effect carried out as to food about all the powers that Mr. Henderson would have as to food.

There will be no great increase in practical results, although the legal authority here is spelled out in a much more clear and satisfactory manner than it was in the World War. But I think the difference in result will come about chiefly because of the fact that this measure now extends its provisions to every commodity in the United States of every kind, regardless of whether it has anything to do with defense or not; that its purpose is to control the general price level, whereas during the World War they were simply concerned with holding down the prices of particular things that were needed either for the conduct of the war or to ship to the Allies to support their civilian populations.

Mr. VANDENBERG. Did the experience in the World War indicate that that narrower use of authority was inadequate?

Mr. TAFT. I think, on the whole, it did. If we face no more expenditure today than in the World War, I do not know that it would be necessary to go so much further. In the World War, for instance, by the time the control was put into effect food prices had risen from 100 to 180 percent. During the 18 months of that war food prices went from 180 to 200 percent. Clothing was not controlled, and went during that period from 180 to 250 percent.

Broadly speaking, I think the selective system is a better system. I hope Mr. Henderson will not undertake to deal

with every detail, and I do not think he will. He testified he will not. But it is very hard for us to select a particular thing that he shall deal with and those things he shall not deal with. We do not know where the shortages will be. When it comes, let us say, to 5- and 10-cent stores, to ladies' hats, to many other things the prices of which are very difficult practically to fix, anyway, I think it is better to let those prices go up. Let the division of an inadequate supply be determined by the cost, if the commodities are not essential. But if they are essential, then I believe that if we have a completely inadequate supply we shall finally have to come to a rationing system and hold the prices down.

I think there is more need today for control than there was during the World War, and I believe that the distortion of prices resulting from the World War, which averaged from 100 to 220 percent, had a great deal to do with the tremendous maladjustment that occurred afterward, and finally with the depression in 1929. If prices had been held down at that time by a wider selection of commodities and if control of prices had begun earlier and if prices had only risen from 100 to 150 percent, there would have been a much less severe aftermath than there actually was.

Mr. VANDENBERG. I thank the Senator. I should like to ask him one further question. My colleague [Mr. Brown] subsequently spoke of price control as the sum total of the bill's objective. Is there anything in the bill granting authority to the Price Administrator which would permit him to reach down into the management, and methods of organization, and accounting, and distribution, and sales, and so forth, in respect to the commodities whose prices he is controlling, on the theory that he is dissatisfied with the methods which produce the pretention of a necessary price increase?

Mr. TAFT. There is nothing in the bill authorizing the Administrator to take those matters into consideration, and if there were any review of his actions I doubt if he could. On the other hand, there is no real review, and if he does not admit that he is taking those things into consideration I would not be prepared to deny that he might get away with it.

The House put in a provision expressly stating that the Administrator should not fix any price on the basis of a change in existing practices in an industry. That provision had special reference to advertising. The Senate committee felt that that provision was primarily to protect advertising and prevent the Administrator from saying, "You shall stop advertising now. You do not need any more advertising. I am going to fix your price on the basis of your eliminating that cost." The Senate committee first amended the provision to apply only to advertising. That seemed to me to be worse than useless, because it implied that the Administrator might go into every other business practice which he thought ought to be changed. Mr. Henderson has many ideas about how business practices ought to be changed. I objected very strongly to the whole sec-

tion as amended. The committee finally took the whole section out, on the theory that it did not think the bill gave him the power to interfere with any such practices. As it passed the House, the provision was as follows:

(g) The powers granted in this section shall not be used or made to operate to compel changes in the business practices or cost practices or methods, means, or aids to distribution established in any industry, except to prevent circumvention or evasion of any ceiling established under this act.

This was the provision which the Senate eliminated, and to which I personally have no objection. That was the House provision which was taken out by the Senate committee. I have no objection to restoring it. I do not think there is any legal right on the part of the Administrator to interfere with business practices. On the other hand, it is perfectly true that it would be very hard to prevent his doing so particularly if he should be a single administrator and there should be only a court appeal against his unjustifiable action.

Mr. VANDENBERG. The language from the House bill which the able Senator has just read is precisely the language which I have sought to restore by the amendment I have offered today, which is on the table.

It seems to me the Senator has put his finger on the reason why some such reassurance, at least, is desirable. Mr. Henderson is known to have numerous revolutionary ideas regarding the way in which American business ought to operate. I am not saying that by way of criticism of Mr. Henderson as a possible price administrator, because I think he has indicated a very substantial capacity to do a rational and effective job. But, in view of his general fundamental attitude, and in view of the fact that this invasion of the right of management to operate its own business may find some color of right, I am very happy to have the Senator say that he has no objection to the restoration of the House language. I am very hopeful that my distinguished colleague [Mr. Brown], who is in charge of the bill, will feel the same way about it. If it is not necessary as a matter of reality, then there is no harm in putting it in. It may be necessary, and I am very sure it is necessary, by way of reassurance to the great American business public, which is to be asked to submit itself to this regimentation voluntarily and cooperatively. Inasmuch as it apparently is willing to do so, I think it is entitled to that small crumb of consolation.

Mr. BREWSTER rose.

Mr. TAFT. If the Senator will allow me to say a word in reply to the Senator from Michigan, I shall be glad to yield to him.

My own feeling has been that while I am perfectly willing to try to limit the Administrator, I rather feel that any attempt to limit the powers given would be more or less vain. Even if we should include such a provision as has been suggested, it would be very difficult to prevent the Administrator from saying to an industry, "I am going to fix your price at such and such a figure. I think it is a reasonable price." While he might not

admit that he was talking about advertising, nevertheless he might have it in mind. I have therefore felt that in trying to give protection to businessmen and others it is rather more important to determine the character of the agency which is to fix prices, and to give the power to a broader group—to five persons instead of one—than to try to give the power to one and then try to limit him here, there, and somewhere else. I think this particular limitation is perfectly proper, and it might be effective.

I now yield to the Senator from Maine.

Mr. BREWSTER. Mr. President, I somewhat deplore the implications of legislating with reference to an individual. I think there is some constitutional provision in that respect. I am wondering whether Mr. Henderson expressed any views on this particular point, with reference to advertising and other practices.

Mr. TAFT. Mr. Henderson was perfectly willing to eliminate his right to interfere with business practices so far as they relate to advertising. He proposed an amendment limiting the House provision to advertising alone. I objected very strongly because that immediately carried the implication that he could interfere in other fields.

I have no criticism of Mr. Henderson, and I have made none. The objection which I have stated would apply to any man. Any man who might be the administrator under the act would necessarily have to be arbitrary. He would be very busy. If he should determine the price of cotton, we will say, he would not be able to go back 2 months later and reopen the question. He would be fixing too many other prices. He would be too busy.

I do not think Mr. Henderson would have any more inclination to interfere with business practices than would dozens of others who might be named to the same position. I have the highest respect for what he has done, and the general theory of price control he has expressed before the committee. There are a few differences of principle, which I shall explain later. The suggestion for a board is not at all aimed at Mr. Henderson. It would apply to any person who might be proposed as administrator.

Mr. BILBO. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. BILBO. Mr. President, so far as prices are concerned, the bill would give to the Administrator as much power as Hitler has in Germany. The Senator's amendment would provide for a board of five. I am inclined to support his amendment. I should like to ask the Senator if he would be willing to provide that the board should be a regional board, with one representative from the South, one from the West, one from the Midwest, one from the North, and one representing the Nation at large.

Mr. TAFT. I should prefer to offer the amendment later and discuss it at that time. I shall be very glad to consider the Senator's suggestion. My purpose is to have different groups represented. I suggested to the President that

he appoint one member from the Department of Agriculture, one from the Department of Labor, one from the Department of Commerce, and one from the Treasury Department, so that we might have at least a coordinated Government policy with respect to price control, instead of having three or four different departments of the Government proceeding on different theories, and not consulting with one another, which has been more or less the policy up to this time. If the Senator does not mind, I should rather defer discussion of the amendment itself until a later time. I have not as yet offered the amendment.

Mr. BILBO. I appreciate the Senator's idea of economy in utilizing the services of men who are already on the job. However, this matter is very important. I find from my experience with Mr. Henderson that he suffers from a want of adequate information in making his rulings. For example, in the order to fix the price of lumber for the pine belt of the Nation, when he was called upon for an explanation and break-down of the prices he fixed it was found that he had fixed a base price for stumpage on pine timber at \$2.50 a thousand. At the same time timber was selling in the South at \$10 and \$12 a thousand. After he had been informed of his mistake he very graciously raised the price an average of \$4 a thousand.

I take it that if we had representative citizens from each of the four sections we could obtain a community of interest and information from the various sections of the country, which would result in more righteous decisions in issuing whatever orders the Price Administrator's office should see fit to issue.

Mr. TAFT. I shall be very glad to discuss with the Senator from Mississippi, before I offer it, the amendment which I propose, relating to the composition of the board.

Mr. LEE. Mr. President, will the Senator yield?

Mr. TAFT. I yield to the Senator from Oklahoma.

Mr. LEE. Does the Senator from Ohio favor the bill as it is now?

Mr. TAFT. I will vote for the bill as it is now if that is the final decision of the Senate; yes.

Mr. LEE. As I understand, the main purpose of the bill is to prevent runaway prices. Is that the Senator's conception of the bill's chief purpose?

Mr. TAFT. That is the principal purpose. It has another purpose, however, which rather developed in the latter part of the hearings, and that is to provide a means of increasing production.

Mr. LEE. That is correct—and also to protect us from the possible development of shortages of commodities.

Mr. TAFT. Yes. I mean, for instance, as I understand the bill, that under it the Administrator might announce, if he thought he had the money somewhere, that next year he would pay a certain price for all butter, let us say, delivered to the Government, in order to stimulate the production of butter for shipment to Europe. He could do that, I think, under this bill; and, if the price were advanced somewhat, the result

might be a considerable increase in production. In other cases, the testimony shows that increases in prices do not increase production; but I think in the case of most agricultural commodities a Government-guaranteed increase of price would considerably increase production.

Mr. LEE. Does the Senator, then, feel that it is necessary to bring agricultural products under the bill, since there is a surplus of most of them?

Mr. TAFT. At the present moment I do not suppose that any control would be exercised by the Administrator under the bill over cotton, wheat, corn, or a number of the other products that are well below parity and that are present in great quantity. I think he would make a great mistake if he tried to control them, but certainly he would want to begin to fix the margin of wholesalers and the margin of retailers in order to determine that the price was carried on down to the consumer. I think he would do that.

One objection I have to the amendment offered by the Senator from Alabama [Mr. BANKHEAD] is that it relates to agricultural commodities and substantially everything made from agricultural commodities, giving the Secretary of Agriculture power over the price of shoes, clothing, and practically everything the consumer buys.

Mr. LEE. The bill specifically exempts labor. Why is that?

Mr. TAFT. Mr. President, I am going to discuss the provisions relating to labor. I should prefer to discuss the various points consecutively. However, if the Senator prefers, I shall be glad to proceed now to discuss the provisions relating to labor; but it will take me some little time to do so.

Mr. LEE. No; I want the Senator to follow the plan he has laid out. But now I desire to ask another question.

The farmer who works his farm is paid his wages in terms of the commodities he sells. It takes a man-hour of labor to produce 1 pound of lint cotton. If cotton is selling at 17 cents a pound, all that is received by the farmer who produces the cotton is 17 cents a pound. He does not really receive that much net, because he must deduct from the 17 cents the cost of a number of things.

So what I have difficulty in understanding is why we should exempt the industrial worker and his wage pay but bring the agricultural worker under the law. Why not exempt both of them?

Mr. TAFT. As I say, I should prefer to discuss the question at length. Roughly speaking, however, I should say that there is no principle more completely established in these United States than the principle that labor is not a commodity, and that all the considerations involved in fixing wages are considerations different from those involved in fixing prices.

I agree that if there is not some policy to stabilize wages the bill probably will not be as successful as if there were such a policy. Nevertheless, prices can be fixed because wages do not have the tremendous swing that commodity prices have. In the last World War we did successfully fix prices without fixing wages. It can be done. It cannot be

done permanently. If a permanent policy were desired, and if we were now to stabilize prices for all time to come, we could not do so without fixing wages, I quite agree, but we could not do so by assigning to a Price Administrator the duty of fixing wages.

Let the Senator think about this point for a moment: If tomorrow we should give Mr. Henderson, the Price Administrator, power to fix wages, think of the complete confusion that would result from such a policy. The moment he fixed wages in Cincinnati, Cleveland, or some other place, we should confront the question whether there would be a strike. We should have to set up, aside from Mr. Henderson, the whole machinery for conciliation and mediation; and, finally, if he were to have any power to enforce his orders regarding wages, we should have to prohibit strikes.

I say that that problem is entirely distinct from the problem of commodity price control; that if the Members of the Senate desire to provide for the establishment of a policy of fixing wages, if we want to provide for the prohibition of strikes, the place to do so would be in labor legislation, in which the whole process would be carefully worked out, as suggested in some of the bills which are before the Senate.

In this bill we have done one thing: We have said that it shall be the policy of the Government departments dealing with wages to join in the stabilization of the cost of production, which necessarily means the stabilization of wages. We have gone that far. But certainly I do not want to give Mr. Henderson the power to fix wages, and, frankly, I am even doubtful whether we can prohibit strikes. I do not know whether it is wise to do so, but if we do prohibit strikes we shall go a great deal further than if we fix the price of any commodity.

Mr. LEE. Mr. President, if the Senator will yield further, let me say that yesterday I understood the Senator from Michigan [Mr. BROWN] to make the argument that wages would be controlled and regulated through control and regulation of the cost of living, which is an appealing argument. Then why would not the same argument apply with respect to the rural worker or the farmer when he is producing a surplus? Would not the surplus of itself regulate his pay, just as the cost of living could be relied upon to regulate the pay of the industrial worker?

For example, wheat, corn, and many other of the farm commodities are today below parity. Why? Because there is a surplus. There is still much land which can be planted in wheat if the surplus begins to disappear, and that process in itself would automatically regulate the price of farm commodities.

Then I raise the question again, Why is it necessary to bring the farmer under the provisions of this bill?

Mr. TAFT. Frankly, I do not think it is necessary—at the present moment, at least—to regulate the price of wheat, corn, cotton, or other commodities of which there is a surplus. But today there are a great many commodities of which there is not a surplus; and the testimony

toward the end of the hearings before the committee was very distinctly that the British had come to us and said, in effect, "We are no longer going to be able to get a great many foods from Australia or from other sections of the world." Particularly in the field of fats and proteins and lard I think there will develop the same kind of deficiency that we had during the last World War. We are fortunate in respect to wheat, cotton, and corn; but, aside from those three commodities, I question very much whether the surplus will last. If the Senator wanted to omit from the provisions of the bill those three commodities, I would not object; but I think the products of those commodities should be regulated.

Mr. LEE. So far as I know, at the present time the only farm commodities that are even close to a shortage—and even as to them there is not exactly a shortage—are perhaps the proteins, eggs and milk.

Mr. TAFT. Those are the things of which I was thinking—eggs, milk, and the various fats.

Mr. LEE. Does not the Senator think that assuring an attractive price for those commodities would be the best way to increase production? It takes longer to raise a milk cow than it takes to build a battleship.

Mr. TAFT. I have no objection to an attractive price; I am all in favor of an attractive price, but I say that if we do not provide some control, it will not be very long before the prices will be two or three hundred percent of what they now are. Look what happened to wheat in the World War. Before we began control wheat went to \$3 a bushel at one time. It went down again, and was finally fixed around \$2.25 a bushel.

Mr. LEE. We had neither a surplus then nor the possibility of increasing production.

Mr. TAFT. I agree the wheat situation today is entirely different, but I still think we will find there is likely to be a shortage in a good many agricultural commodities, and they then link into so many other things. For instance, today there is a shortage of wool. The tremendous Government demand for clothing is undoubtedly taxing the wool supply that we can obtain.

Mr. LEE. Is not that the best argument we can make why we should not put a ceiling on the price, because the price itself will cure the shortage?

Mr. TAFT. No, I do not think that general statement is true. To a certain extent, a liberal price will increase production, but the testimony before the committee showed that after a certain point was passed there was practically no increase whatever in production in the case of most commodities. In some commodities there was. I have not much doubt, for instance, that an increase in the price of oil would tremendously increase "wildcatting" and the amount of oil produced. The same thing is true of lead and various mineral commodities, but, after a certain point is passed, I do not believe increasing the price another 50 percent would increase by 1 pound the production of the particular commodity.

What we propose is to give someone the

power to determine what is the right price. I do not like to give that power any more than does the Senator from Oklahoma, but if I am willing to do so, I think he ought also to be willing.

Mr. LEE. That is a fair statement. I am willing to give Mr. Leon Henderson as much power as I would give anyone else, as I have every confidence in him. I think the Price Administrator ought to be a "tough guy," for certainly he will have to act with courage. My inquiry is not to be taken as indicating that I am not in sympathy with the purposes of the bill. I see no reason, however, for going beyond the purposes and bringing a group under it that receives only about 8 percent of the income of the country.

Mr. TAFT. I do not see how, if we excepted agricultural commodities, the price control could be in any way effective. It would affect approximately two-thirds, I should think, of all the raw materials and commodities which interlace with everything else that is produced. I say we might except the basic commodities—wheat, cotton, and corn—for the present, but I do not see how we could possibly make any general exception of agricultural commodities without absolutely and completely destroying the bill and all commodity control.

Mr. LEE. I thank the Senator for indulging me.

Mr. LUCAS. Mr. President, will the Senator yield for a question?

Mr. TAFT. I yield to the Senator from Illinois.

Mr. LUCAS. Do I understand the bill correctly to mean that section 3, paragraph (a), simply gives the power to the Administrator for the present to place a floor upon agricultural basic commodities but no ceiling?

Mr. TAFT. No; that is not correct. Section 3 (a) does not give the Administrator any power. Section 2 gives him power to fix the maximum prices on anything—agricultural commodities or any other commodities. Section 3 (a) simply says that in fixing the maximum price he shall not be allowed to fix a maximum price below 110 percent of parity. I had rather not use the term "floor"; I think it is ambiguous. The Administrator cannot fix a maximum price for agricultural commodities below 110 percent of parity, but he may fix a higher price. He may fix it at 125 percent of parity or 150 percent of parity or 200 percent of parity. He may go as high as he wants.

Mr. LUCAS. The Senator and I are in absolute agreement; but I still maintain that there is a floor in fixing agricultural prices at the present time and that there is no ceiling. In other words, the Administrator can go just as high as he wants to go in fixing an amount above 110 percent of parity, but he cannot go less than that. When he finally reaches the decision that wheat has gone to such a point that it is necessary to fix a price for it, he cannot go less than 110 percent of parity if he fixes any price at all. That does not mean that he cannot go to 150 percent of parity, if he wants to. In other words, if the time comes when the wheat supply and the corn supply of this country demand prices go beyond 110 percent of parity, the Price Administra-

tor has the power to fix the price, if I understand the bill correctly?

Mr. TAFT. That is correct; and, not only that, but I venture to say that if this war goes on for 5 years the price will be up to 150 percent of parity, and we will be lucky if it is not 200 percent of parity.

Mr. LUCAS. I have no doubt about that at all. In other words, the farmer is not going to suffer as a result of the enactment of this bill. It is absolutely necessary, in view of what happened in the last war, to have some price control upon the basic commodities of agriculture; not from the standpoint of the moment, but I am thinking of what happened in Illinois and the Nation after the last war, when farmers got \$3 a bushel for their wheat and a high price for their corn, and land prices increased accordingly. The farmer made a lot of money as a result of the increased prices during the war, and the man who had 160 acres free from debt and who thought the millennium had arrived bought another 160 acres, mortgaged the 160 acres he owned, and, when the crash came, the optimistic farmer lost it all. If we do not have some control, the same kind of inflationary period will follow the present war as followed the last war, and we will have the same bankrupt conditions which we then had.

Mr. TAFT. I agree with everything the Senator from Illinois has said. My only question is about the word "floor." I do not like to use the term "floor," because it gives the impression that somebody is fixing a minimum price; and nobody can do that. The term "floor" has a double meaning. That is the only reason I question its use.

Mr. BROWN. Mr. President—
The PRESIDING OFFICER (Mr. WALLGREN in the chair). Does the Senator from Ohio yield to the Senator from Washington?

Mr. TAFT. I yield.

Mr. BROWN. I do not desire to divert the Senator, but I think it might be desirable to recur to the point raised by my colleague in connection with the House bill on page 7, subsection (g), relating to the power which some people think the Administrator might have to inquire into and affect business practices.

The provisions contained on page 49 of the bill, which define the term "price" and define the term "commodity," if carefully read, I think preclude the exercise of any power on the part of the Administrator to regulate business practices.

The thought that some businessmen have is very well illustrated by the matter of advertising to which the Senator from Ohio and my colleague alluded. It was thought that the Administrator might say, "Now, in this business you are spending too much money on advertising; you do not need to spend that amount of money, and we are not going to allow you to do it." The same thing would be true with regard to any other business practice which he might consider uneconomic.

I may say to my colleague and to the Senator from Ohio that I agree with the

action taken by the committee in striking out the section when it was changed; but there is no objection on the part of the committee, I am satisfied, to the language in subsection (g) on page 7 which was in the original House provision. However, I wanted it clearly understood that it was not intended by that provision to authorize the Administrator, in fixing commodity prices, to consider business practices which he considers to be uneconomical. Therefore, while I do not now want to divert the Senator by taking up the amendment, I may say to my colleague that I think we can arrange to have it placed back in the bill later in the discussion.

Mr. VANDENBERG. Mr. President, if the Senator from Ohio will yield—

Mr. TAFT. I yield.

Mr. VANDENBERG. I want to thank my able colleague for his statement. Coupled with the statement of the distinguished Senator from Ohio [Mr. TAFT] that he has no objection to the restoration of the House language, I assume that we may contemplate the acceptance of the House language, subsection (g) on page 7, without division. I simply want to observe that I think that will make at least a substantial contribution to a quieting psychology so far as American business is concerned.

Mr. McNARY. Mr. President, may I make an inquiry?

Mr. TAFT. I yield to the Senator from Oregon.

Mr. McNARY. What is the subject the Senator is discussing about adopting the House language?

Mr. TAFT. The restoration of the House amendment which appears on page 7, which was eliminated by the Senate committee, regarding control over business practices.

Mr. VANDENBERG. Simply an effort to make sure that the authority granted in the bill does not permit the price controller to reach down into the business practice of an institution and undertake to revamp it.

Mr. NORRIS. Mr. President—

Mr. TAFT. I yield to the Senator from Nebraska.

Mr. NORRIS. Before the Senator leaves that question, I should like to ask him a question. I suppose the matter to which I am about to refer will come up later; but, for fear it will not, I cannot agree absolutely with the proposition that a firm's business practices should not be taken into consideration. I know it is a dangerous thing to do. It ought not to be done if their practices are within reasonable limits. I can easily conceive that they might have some practice in advertising, for instance, which might go so far beyond reason as to make it absolutely certain that that particular practice very greatly affected the price. Their expenditures, following out some wild practice of that kind, could not help very materially affecting the price; and to say that that practice should be given no consideration by the price fixer, it seems to me, is a proposition which ought to have some exceptions to it.

Mr. VANDENBERG. Mr. President, may I comment to the Senator?

Mr. TAFT. Surely.

Mr. VANDENBERG. I call the Senator's attention to the particular language of the House text. The exemption of which I speak does not apply if the Administrator finds that these practices are being used to circumvent or evade any ceiling established in the bill. In other words, there is an effort to draw a distinct line between a traditional, standard, appropriate, habitual business practice, and one which might be invoked for the purpose of trying to evade this new control.

Mr. TAFT. Let me add, also, that I do not think the provision would prevent the Administrator from ruling out a practice adopted by a particular firm even if it had indulged in it before. It says:

Practices * * * established in any industry.

I should think the provision probably applied only to an industry-wide practice which the Administrator could not change. As a practical matter, however, I do not see how we can prevent his taking it into consideration.

Mr. NORRIS. I do not think we can. He could take it into consideration and say nothing about it; and if he had authority for reaching the conclusion that he reached, even though he had been moved in taking that step entirely by something that he is prohibited from considering, still it would not appear on the face of the ruling that he had considered it at all; and if he had any right to take the action he took, it would have to be supported, even in court if there were an appeal from it.

Mr. TAFT. Mr. President, I want to say a word about the general theories of price fixing. I have not felt that in this bill we could very well tell Mr. Henderson what theory of price fixing he should adopt. There are various different theories, and various different economists testified before us about the selective theory, the over-all theory, and various other methods of procedure. I do not see how we could lay down the law to Mr. Henderson, but I do want to suggest a few things that we have tried to suggest in the bill.

The first is that it be done by cooperation with the industries of the United States. Mr. Hoover testified that in the World War his control was nearly all exercised in that way. Mr. Baruch's control was exercised in that way. The power that they had was usually used only to bring in the recalcitrant member of an industry. They always conferred with persons who desired to be heard.

I think there has been a little failure on Mr. Henderson's part in the past with regard to that particular method of approach. I think in theory he admits the need of consultation; but, naturally, any man who is an administrator is so busy that he does not always go out of the way to seek out and talk to people about what ought to be done before he does it. We have written in this bill, particularly in

the statement of purposes, in the first place, on page 22, the provision that one of the purposes is—

To permit voluntary cooperation between the Government and producers, processors, and others to accomplish the aforesaid purposes.

Again, in section 5 we have made it clear that—

In carrying out the provisions of this act, the Administrator is authorized to confer with producers, processors, manufacturers, retailers, wholesalers, and other groups having to do with commodities, and with representatives and associations thereof, to cooperate with any agency or person, and to enter into voluntary arrangements or agreements with any such persons, groups, or associations relating to the fixing of maximum prices, the issuance of other regulations or orders, or otherwise.

Mr. NORRIS. Mr. President—

Mr. TAFT. I yield to the Senator from Nebraska.

Mr. NORRIS. I desire to ask a question of the Senator. The language he has just read, enumerating the various persons and businesses that the Administrator is given authority to consult, does not include consumers. Why? We have included practically everybody else. Why should he not consult consumers?

Mr. TAFT. I have no objection to putting in consumers, except that consumers' organizations are hard to find, and there are millions of individual consumers.

Mr. NORRIS. I know there are.

Mr. TAFT. I think the reason why consumers were left out was that Mr. Henderson made it so obvious that he regarded himself primarily as the representative of the consumers—almost too much so, I think. Nevertheless, he does, and I have not any question that the Price Administrator will protect the consumer. I hope he will. After all, the main purpose is to protect the consumer.

Mr. NORRIS. I think so.

Mr. TAFT. I think consumers ought to be added. I feel very strongly that there ought to be consultation; and one of the amendments I shall offer is to provide a hearing before prices are fixed so that it will leave to all groups an opportunity to be heard on the entire question.

Furthermore, we have inserted another amendment to suggest, at least, more cooperation between the various departments of the Government. We had before us on Friday Mr. Wickard, the Secretary of Agriculture. He came down to ask, I think—I do not think he got quite that far, but I certainly had the impression that he came to ask—that all power to fix prices be transferred to the Secretary of Agriculture insofar as they related to agricultural commodities; and one of his reasons was that he was not sufficiently consulted by Mr. Henderson before he fixed prices. Therefore I feel very strongly that we should have a board on which agriculture may be heard, as well as other interests, before action is taken; and that is one of the purposes of the amendment I shall offer.

We are to be asked to vote on an amendment of the Senator from Alabama [Mr. BANKHEAD] providing that the Secretary of Agriculture shall have a veto over the fixing of agricultural prices. There is on page 33 of the bill a provision which authorizes the President to do just that if it is determined that it should finally be done.

The President is authorized to transfer any of the powers and functions conferred by this act upon the Office of Price Administration with respect to a particular commodity or commodities to any other department or agency of the Government having other functions with relation to such commodity or commodities, and to transfer to the Office of Price Administration any of the powers and functions conferred by law upon any other department or agency of the Government with respect to any particular commodity or commodities other than agricultural commodities—

We exclude agricultural commodities by that provision, because the power of the Secretary of Agriculture over commodities is so complex and so detailed that it seemed unwise to permit the transfer of those powers to the Price Administrator—

including the power to order priorities, purchase, sell, store, handle, or otherwise deal with any such commodity or commodities.

There was a good deal of testimony about this feature, and Mr. Hoover particularly testified that in his opinion the set-up should be a vertical set-up. Perhaps he was influenced by the fact that there was that kind of a set-up during the World War. He fixed food prices, and did everything in the way of food control. He not only fixed prices, he bought and sold food, he fixed priorities on food, rationed if there was any rationing. Garfield did the same as to coal, Baruch did the same as to metal.

There was much testimony to the effect that rather than divide the powers by giving one man power to fix prices across the board, giving the next man power to fix priorities across the board, and some other man the power to buy and sell across the board, it would be better to divide by commodity groups. I think perhaps it would be, if we had an over-all board which determined the general policy of fixing prices, but that seems very difficult to obtain. I was prepared to say that it would be all right to go ahead with the set-up in this bill, dividing the powers in this way, but I felt that we should at least give the President the power to divide the powers up the other way if it developed, as we went on, that it would be wise to do that.

I should be opposed to the Bankhead amendment, because it is entirely too sweeping. It would make action on practically two-thirds of all commodities subject to the veto of the Secretary of Agriculture. But it does seem to me that the President may well desire to select a particular commodity, he may well want to select wheat, and cotton, and corn, the basic commodities referred to by the Senator from Oklahoma awhile ago, and put those in under the Secretary of Agriculture, who is also exercising all the other powers relating to those commodities. I see no particular advantage in

Mr. Henderson fixing the prices of those commodities. He will not be able to for months, anyway, because the price is below the figure at which his power comes into effect.

Mr. McNARY. Mr. President—

The PRESIDING OFFICER (Mr. McFARLAND in the chair). Does the Senator from Ohio yield to the Senator from Oregon?

Mr. TAFT. I yield.

Mr. McNARY. A rather faint objection to the Bankhead amendment has been voiced by the able Senator from Ohio. I wonder if he would look upon it with more kindness if the words "processed or manufactured" were eliminated from the amendment.

Mr. TAFT. I have not the amendment before me, but if such an amendment were confined to the five basic commodities, personally I should have no objection; but I cannot speak for the committee, or for any other member of the committee.

Mr. McNARY. I am not asking the Senator to speak for anyone but himself, and he is speaking for one in whom we have confidence when he does that. But in great seriousness, I have objection to this amendment, because it is too broad, including commodities "manufactured and processed." That would go too far in giving authority to the Secretary of Agriculture, who has not the equipment or the personnel to handle that sort of work. But if he is to be consulted, or to have a veto power over the fixing of prices of agricultural commodities in the raw state, I cannot see that that in any way would impinge upon the authority given to Mr. Henderson in the administration of the proposed law.

Mr. TAFT. I agree in principle, he certainly should be consulted and have something to say about it. I tried to provide that in a little different way, but I do not think it should be nearly as broad as the Bankhead amendment would make it.

Mr. President, we also included the power to stimulate production, which has already been referred to, and power to buy and sell. Originally, in the substitute which I introduced, I eliminated the power to buy and sell, but the testimony before us was pretty clear that, after all, this business of control has to be a basic control, and the control of commodities must be determined largely at the central market, and buying and in many cases selling can have a much greater effect than simply imposing arbitrary ceilings.

I have a little doubt about the provision in the buying and selling part of the bill giving the Administrator power to operate with a revolving fund. I am not at all sure it should not be confined to existing corporations, such as the Reconstruction Finance Corporation, and the Commodity Credit Corporation, as the bill does confine critical and strategic materials.

Mr. McNARY. The Senator is discussing very interestingly an important provision of the bill. Does he recognize any conflict between the authority vested in the Administrator under the bill to

buy agricultural products and to sell them, and the Agricultural Adjustment Act, which gives the Secretary of Agriculture the right to expand or curtail production, and control prices more or less through quotas, and restrictions in the marketing of products?

Mr. TAFT. I certainly recognize the connection, and whatever else we do, we should see that there is one policy guiding the Government of the United States, and that one department is not doing one thing and another department hampering the entire result by doing the opposite.

Mr. McNARY. The Senator's own observation condemns the language in the bill. If I understand the bill at all, it plainly gives authority to the Administrator to buy and sell products for the purpose of bringing about an equilibrium between supply and demand, whereas now, under the Agricultural Adjustment Act, that is one of the functions of the Secretary of Agriculture, through those provisions which permit him to prescribe quotas and acreage, and control production through marketing systems, and also to sell in the open market, and sell abroad and pay subsidies, and to permit the Commodity Credit Corporation to extend loans up to 85 percent of parity. If there is any consistency between those two things, I should like to have the very able Senator point it out, and if he cannot, I think it is a hopeless proposition.

Mr. TAFT. I do not think it can be denied that the bill provides for two doing the same thing, in the buying and selling feature, and obviously it gives both the Secretary of Agriculture and the Price Administrator a great many powers which are going to affect the prices of agricultural commodities. My plan for coordinating them was to have a board, with the Assistant Secretary of Agriculture sitting on it; but any other method is also desirable, I should think.

I wish to discuss for just a moment the ceiling theory. We hear much about the necessity of fixing a ceiling, a ceiling on all prices, and a ceiling on all wages. In general, a ceiling means the fixing of retail prices on all kinds of things, trying to freeze retail prices.

If there is one thing which every nation which has had experience has learned, it is that it is impossible to fix prices by beginning at the retail price and fixing a ceiling, saying to every retailer, "You shall not sell this commodity at a price above what you sold it at last month." That results in endless bootlegging. It is easy to evade price regulation, and the regulation must be made as reasonable as possible. Price control must start either at the producer or the central market, and it must prescribe maximums for wholesalers and retailers which are reasonable. If it is worked into the existing practices, the amount of evasion is not one-tenth of 1 percent. So the pending bill rejects the ceiling theory. We permit the administrator to fix maximum prices, and we try to give him control over the commodities with which he has to deal which will have an effect on prices, or will make it possible to actually enforce the regulations he makes.

We saw during prohibition how easy it was to evade a law which was not made to suit the general theories and the general beliefs of the community. It seems to me that the ceiling theory should be, as it is in this bill, completely rejected. The selective theory of picking out commodities one at a time is a much better theory, a much sounder theory, and one which can make maximum price control very much more effective.

I think, also, it is much better to let all the incidentals and all the luxuries go up in price, let watches and jewelry and anything else considered to be non-essential go up in price, and let them be rationed, if at all, by the ability of people to buy them. We are not so much interested in anyone obtaining luxuries. If the prices of watches go up, and the workmen cannot buy them, they can at least buy defense bonds and keep the money to be used later on for some better purpose than buying jewelry. I believe the selective theory is the sound theory.

Finally, I am very certain that we could not put a ceiling over wages. Wages are entirely a different consideration. Wages, as I said, go up very much more slowly than commodity prices. The attempt to fix wages by law has never been undertaken in the United States. It has been undertaken in few countries except the totalitarian countries.

Mr. GEORGE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Georgia?

Mr. TAFT. I yield.

Mr. GEORGE. Is not Canada in effect controlling wages?

Mr. TAFT. Canada has just begun a wage-control system, and it may be successful. Nevertheless, I think the industrial section of Canada is of very limited extent. I think it is much more practical to control wages there than it is in a vast country such as the United States. If any serious dispute should arise, I question whether the Government would be able to enforce control of wages.

What would the Senator say if we fixed wages and provided that it should be unlawful to strike, and 10,000 men in a plant struck? What would we do about it to begin with? We could call in the troops, and make the men go back and go to work.

Mr. GEORGE. The Senator is raising that question to frighten us.

Mr. TAFT. No.

Mr. GEORGE. I merely rose to ask a question in response to the argument that no country had ever undertaken to regulate wages, except totalitarian countries, and I wanted to find out if Canada had not undertaken to do it and find out, if I could, what particular method Canada had employed.

Mr. TAFT. I can give the Senator an account of the Canadian system. In fact, I think it would be well to put it in the RECORD, because I have a rather complete and satisfactory review of it.

Mr. GEORGE. The Senator has labored very diligently in the committee and has helped bring before the Senate a bill which fixes the prices of commodi-

ties without any reference to fluctuations in wages. It may be a very difficult thing to fix wages, to control or regulate them at all, but it ought not to be difficult to fix prices in harmony with wage fluctuations. My concept of a price-fixing bill—the real theory of a bill to prevent inflation—is not one that would give somebody dogmatic power to fix ceilings on prices but that would provide the machinery by which reasonable price relationships and adjustments could be kept throughout the whole economy. So I cannot understand why or how the Senator can present a bill to the Senate and to the American people and say, "We are going to fix all prices on all commodities, but we shall shy away entirely from tying those prices into wage rates or scales."

I am not asking that strikes be outlawed. If I know anything about inflation and this particular approach to its solution, it is more of an effort, as it seems to me, to provide equitable price adjustments and to maintain proper price relationships. Otherwise, we are not going to stop inflation by merely cracking down on the price of some commodity here now and there tomorrow, or this week on one commodity and on another commodity some other week. By that we will be doing little good; we may be encouraging inflation, because many other factors exist that are perfectly free to operate, to function.

I was asking in all good faith, because I had been informed—I am not a member of the committee—I had been informed that Canada had fixed this relationship between commodity prices and wage rates, and that it was working very well. I am sure the members of the committee must have had the advantage of that study when they were preparing the bill.

Mr. TAFT. Mr. President, I deny that the bill will be ineffective without control of wages. In the first place, probably before very long it will cover two-thirds of the commodities. Wages are only one element in cost, and, of course, prices will have to be adjusted to wages. There is no question about that. If wages go up prices will go up.

As I have previously said, I think there is no question that the permanent system of price control, if it is to be effective, really to stabilize prices, would have also to fix wages. I do not think we can get such a system or are attempting to get such a system. I say that, in my opinion, we face in any event an increase of 10 percent a year, and probably more, even with this price control, and probably even if we had wage control. Wages do not fluctuate in a violent manner, the way commodities fluctuate. They move very slowly, and they can be taken into consideration.

I am the author of the provision in the bill which provides that Government departments, so far as we are willing to give them power, shall attempt to stabilize wage rates; that when the Mediation Board attempts to fix wages, they shall try to fix them at a level corresponding to the level of prices fixed; and that, it seems to me, is as far as we can go in this bill.

I quite agree that we could not have one department trying to hold prices down and two or three other departments of the Government trying to raise wages. Of course, as an administrative question, if they do that, it would kill price control. But I do not think it follows that it is necessary to give anybody the legal power to fix wages in order to make price control effective. I say that the consideration in fixing wages is something entirely different from the consideration in fixing the prices of commodities, for human labor is not a commodity.

When I referred to the strike question, it was not in the sense of any threat. It was merely a recognition of the fact that when we deal with wages we deal with something entirely distinct and different from the question of dealing with prices. The whole procedure has to be different. We have to set up mediation and conciliation boards. The labor problem has to be dealt with on its own footing, and not by giving some price administrator the power to fix wages.

The Senator from Georgia has referred to Canada. I hold in my hand a memorandum prepared on the general subject of Canada's economic war policies, which is a very well-written and excellent article. I ask that this article be incorporated at the end of my remarks today.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit A.)

Mr. TAFT. As to wages, the article sets out that the Government undertook first to fix wages in defense industries, and in December 1940 it took the form of an order in council for the guidance of boards of conciliation, to whom all labor disputes in war industries had to be referred. It fixed basic wage rates at the relatively high level then prevailing, though upward adjustment could be made where a conciliation board found them to be abnormally low, and provided that any subsequent increase in rates should take the form of a standard cost-of-living bonus. The bonus was at the flat rate of 25 cents a week for each increase of 1 percent in the official cost-of-living index. The Government pays that bonus. The Canadians have adopted the policy of increasing wages in accordance with the cost of living, and, instead of the increase being charged to the manufacturers, the Government pays it.

This arrangement appears to have been reasonably satisfactory to employees and employers in war industries. As labor became more scarce, however, wage increases in excess of what was provided for under the Government plan began to occur frequently.

In other words, it was not a compulsory plan, and increases occurred in spite of it. The Government decided to extend its wage policy for war industries to all industry, to make it mandatory, and to provide machinery for its enforcement, because it was felt that the lack of control in some industries contributed to the increase in war industries.

A National War Labor Board, consisting of five representatives of employees, five representatives of employers, and an independent chairman, has been ap-

pointed to advise the Government on labor matters, and to consider applications for the adjustment of abnormally low basic wage rates. Without its permission no basic rate can be increased; but on the other hand, employers are now bound to pay the standard bonus in respect of any increase in the cost-of-living index after October 1941, unless they can prove to the board that they are financially unable to do so. Subsequently, a ceiling has been placed over executive and managerial salaries.

I think that substantially states Canada's experience. It is a limited experience, in a very small country. Sweden has been able to do a great many things with various social plans which I think would be impracticable here. I question whether Canada's experience is conclusive. I do not think it has gone far enough or met a real crisis in a way which would enable us to say that it is definitely something to be adopted. If it is to be adopted, I believe it should be adopted in labor legislation, and not in a bill to fix prices.

I think the control ought to be vested in someone besides a wage administrator. If we were to freeze wages, for instance, I think Mr. Henderson would be subjected tomorrow to literally thousands of applications for increases from every union in the country. He could not handle them. Within 30 days every union would be dissatisfied because he did not handle the applications. If we should attempt to do anything of that kind, the result would be a vast flood of strikes. I do not understand that the Senator wants to do anything like that.

Mr. GEORGE. Mr. President, I am not in disagreement with anything the Senator has said. I rose to ask for information. I am in serious disagreement with any theory of price fixing which does not contemplate that the only way to reach inflation is to bring in adjustment all prices, and that necessarily means all factors which enter into prices. I should not want to see the Price Administrator, whether he be one man or a board, have charge of all labor, by any means. I shall vote for the Senator's amendment to create a board.

Mr. TAFT. I am delighted to hear the Senator make that statement.

Mr. GEORGE. I shall vote for that amendment without the slightest hesitation. However, I think there ought to be some recognition of the fact that the prices of all commodities must bear some relation to the prevailing wages, cost of living, or something else which really gives a standard by which we can adjust prices rather than fix them. I think the Senator appreciates the danger of price fixing by anybody—by a board or by one individual.

As a matter of fact, prices will be fixed very largely by a number of men in the Office, some of whom have had some experience and many of whom have had none. They have many theories. It seems to me that cracking down on one price because it seems to be high and cracking down on another price because it seems to those in the Office of the Price Administrator that the price is becoming too high, without any regard to

an adjustment of prices, or a scheme or mechanism by which prices can be held in just relationship one to the other, will not get very far. I do not believe we should put in this bill anything with regard to labor, further than what the Senator has pointed out is already in the bill. We might express a policy; but, after all, I realize that anyone in charge of administering the act should be freed from the impossible task of combining price fixing with the regulation of all wages and the settlement of all disputes which might arise between management and labor. I fully agree that we should not go that far in this legislation.

Mr. TAFT. Mr. President, I appreciate what the Senator has said, and I agree with all he has said. However, I think the policy he has expressed is largely one of administration. That has been my difficulty all along. I am afraid that we must leave to an administrator the question of properly coordinating the whole thing. But there must be coordination between the various Government departments. After all, this is one great policy, which includes the selling of bonds to defense workers, the reduction of the deficit, the control of bank reserves, and the whole question of how far we want to control inflation. It is not at all certain that in wartime we do not want to permit prices to go up 10 percent or 20 percent a year. It may be better policy to do so. I do not know. My only interest is to see that they do not go up 100 percent a year, because that would throw everything out of proper relationship.

I feel that by all means the President should establish an over-all inflation-control board, which would decide on the general policy which should be pursued by the Government. This bill necessarily deals with only one phase of it, and is necessarily, therefore, limited. We can think of many other things which ought to be done.

With the few exceptions to which I have referred, it seems to me that we have worked out a price-control bill which would effectively enable the Government to carry out a price-control policy to protect us against the tremendous danger which I see in the present fiscal situation, a danger which threatens to wipe out and destroy everything that everybody has saved, and all the great institutions which we have built up for the benefit and education of the people.

EXHIBIT A

CANADA'S ECONOMIC WAR POLICIES

Canada started the war virtually from scratch. Defense expenditures were negligible during the twenties and early thirties, and though they were stepped up considerably after the rise of Hitler they were still barely 1 percent of national income when war broke out. Canada had only 11,000 men in her armed forces and had virtually no war industry.

Two years later her active Army, Navy, and air force had increased to 340,000 men and more than 110,000 had gone overseas. A large-scale air-training plan had gone into operation well ahead of schedule and further expansion was under way. Most important, new industries had been built for the mass production of such things as planes, tanks, guns, high explosives, and ships. Capital expenditures for this purpose had passed \$500,-

000,000, a figure which exceeded the total pre-war capital investment in plant and equipment for the whole Canadian iron and steel and machinery industry.

When this industrial revolution began there was a great deal of slack in the economy. Labor and materials were available in abundance and the main problem was that of organizing production. There is no room for elaboration here, but one simple figure may give some indication of how successfully it was met. In 2 years industrial production increased by about 75 percent. Over the same period national income rose from a rate of \$4,200,000,000 a year to a rate of about \$6,000,000,000 a year, and at the latter level about 40 percent was being devoted to war purposes.

By the fall of 1941 the problem of setting up production had largely been solved. However, most of the slack in the economy had been taken up, and the main problem now was to supply newly built war industries with enough labor and materials to keep them running at full capacity. To the extent that idle resources could no longer be drawn on, it was necessary to divert resources from civilian production. Moreover, it was necessary to do this without bidding prices up out of sight. The problem of supply had now become paramount, and the rest of this paper will outline the main steps which have been taken to deal with it.

Canada had no problem of labor supply when the war began. Reliable figures of unemployment are not available, but the total was probably close to three-quarters of a million, and many more were on short time. There was also an unknown but probably large amount of underemployed labor on farms. In addition, there were retired people, married women, and persons of leisure who could be readily drawn into war work, and there were boys and girls who could start to work sooner than in normal times.

Regarding the major part of this labor reserve, i. e., the unemployed, there was no cause for congratulation, particularly in view of the loss of skill, health, and morale which the relief system had often permitted. Nevertheless, this reserve did mean that men could join the armed forces or engage in war production in large numbers without having any serious net effect upon the supply of labor available for civilian industry. In point of fact, more than 300,000 men went into the Army, Navy, and air force over the first 2 years of war, and industrial employment increased by about 800,000, or approximately one-third, without the labor market as a whole becoming really tight until the fall of 1941.

This movement did, however, cause an acute shortage of farm labor, particularly in the dairy industry, where increased production is badly needed. Also, the bald figures take no account of the factor of skill. Skilled labor was already scarce by the fall of 1940, when an order was passed prohibiting enticement of labor from war industries. At the end of the year the Government's labor-training program, which had been largely an outgrowth of relief activities, was substantially expanded and geared to war needs. This, plus a large amount of upgrading in industry, has relieved the worst of the skilled-labor shortage so far.

However, the stage has now been reached where civilian industries are finding it hard to retain an adequate working force, and their difficulty will increase as enlistments continue and new war plants come into production. Women represent the only remaining large reserve of industrial and clerical labor which could be used to meet, in part, the general shortage which is rapidly developing. Unfortunately, no special steps to make the most of this reserve have yet been taken by employers in general, or by the Government.

In the case of materials as well as labor, Canada at first had no shortage. Plenty of

shipping was available to bring imports from overseas. More important, the vast and diversified industrial capacity of the United States was not yet snowed under with defense orders and Canada was able, by buying there, to meet almost all the residual scarcities of materials or capital equipment which developed in her own economy.

There was, therefore, when war began no immediate prospect of having to divert labor or materials from civilian to war use. Nor, while idle resources were still available on a large scale, was there any pressing need to discourage civilian spending, particularly in the case of the lower-income groups, who had borne the brunt of the depression. Accordingly the first war budget of September 12, 1939, was relatively mild. It provided for a surcharge of one-fifth on the personal and corporate income tax and for an excess-profits tax, with commodity-tax increases mainly on liquor and tobacco.

In contrast with the general slack which existed in the economy, there was, however, one potential shortage which demanded immediate attention, viz, United States dollars. This was, in fact, the common denominator of all the potential scarcities which could be avoided by importing from the United States.

Even in normal times Canada usually had a small deficiency in her transactions with the United States, which was more than offset by a surplus vis-à-vis Great Britain and was covered by converting some of that surplus of sterling into United States dollars. However, when Canada entered World War No. 2 it was clear that her war production (for Allies as well as herself) would require an enormous rise in her imports from the United States—they have, in fact, more than doubled. These had to be paid for in American cash and there was no immediate prospect of a comparable increase in Canadian exports to the United States. Offsetting the prospective rise in Canada's deficiency with the United States there would, of course, be an enormous increase in her exports to Britain. But surplus sterling could no longer be freely converted into United States dollars, because Britain did not have the volume of American assets or the freedom to borrow in the United States which she had had in the emergency of 1914-18. Canada, therefore, had to forget about her strongly favorable balance of payments with the rest of the world as a whole and concentrate upon trying to balance her payments to the United States against her receipts from that country.

There were no feasible tariff or other tax measures which could have reduced nonessential Canadian demand for United States dollars enough to balance total demand and supply at a reasonable rate of exchange. Allowing the short supply to go to the highest bidders would have squeezed out many who needed exchange for essential purposes, and a sharply depreciated and fluctuating currency would have hampered organization of the war effort. Direct action was therefore taken on September 16, 1939, to stabilize the exchange rate, and to establish control over exchange transactions so that United States dollars could, in certain cases, be diverted from less essential to more essential uses. The first measure of diversion was to prohibit capital exports except in respect of maturing contracts. The second, in July 1940, was to prohibit purely pleasure travel in the United States, and the third, in December 1940, was to extend the prohibition to a specific list of luxury and semiluxury imports. Arrangements made between the American and Canadian Governments in April 1941 for substantial sales of war equipment and materials to the United States have afforded considerable relief, though they have not entirely stopped the drain on Canada's limited United States dollar reserves.

Following Dunkirk and the fall of France, Canada's war plans were greatly expanded,

Much of the slack in her economy had already been taken up and by comparison with the job which was now ahead the amount of surplus capacity which remained was not impressive. It was clear that it would now be necessary to hold down the rising tide of civilian spending, and ultimately reduce it, if conflict with the war effort, soaring prices and general disorganization were to be avoided. To do this, the second and third war budgets imposed extremely heavy tax increases.

In June 1940 the excess-profits tax was increased to 75 percent. Moreover, a minimum for the excess-profits tax was set at 12 percent of net taxable income and in April 1941 the minimum was increased to 22 percent. Taken in conjunction with the 18 percent corporate tax, this means that for the duration of the war every corporation has to pay at least 40 percent of its net income to the Federal Government.

Personal income-tax rates were enormously increased, exemptions were lowered and a national-defense tax was introduced. This tax is levied on the whole income of single persons earning more than \$660 a year and married persons earning more than \$1,200 a year, and is deducted at the source. The rate is 5 percent, except in the case of single persons earning more than \$1,200 a year, who have to pay 7 percent. The following table illustrates the net effect of these changes.

Canadian income tax + national-defense tax (all earned income)¹

Income ²	Single person		Married person—no children	
	Pre-war	Present	Pre-war	Present
\$700.....	---	\$35	---	---
\$1,300.....	\$13	174	---	\$65
\$1,800.....	36	286	---	135
\$2,400.....	68	448	---	255
\$3,600.....	148	815	80	555
\$5,000.....	265	1,333	177	1,000
\$10,000.....	910	3,600	754	3,080
\$25,000.....	5,073	12,083	4,757	11,185
\$50,000.....	14,832	27,653	14,458	26,225
\$100,000.....	39,099	61,608	38,620	59,135
\$500,000.....	308,401	392,980	307,746	382,380

¹ The Canadian surtax on investment income is 4 percent on all such income over \$1,500.

² The Canadian law does not allow any deduction for other taxes, interest on personal indebtedness, or losses on personal property, and there are no tax-exempt bonds in Canada.

The tax increases shown in the table, taken in conjunction with the heavy increase in corporate taxation, have obviously compelled severe retrenchment by those in the middle and upper income groups. Even the lower income group, whose aggregate earnings have increased substantially as a result of war expenditure, has been asked for a relatively large contribution. However, the Government has attempted to apportion this contribution on the basis of ability to pay by avoiding, for the most part, increases in regressive taxes on commodities or services that enter into the subsistence standard of living. In both 1940 and 1941 commodity taxes accounted for only about one-third of the tax increases, and were mainly on luxuries or things that were becoming particularly scarce.

Actual revenue collections increased from \$480,000,000 in the 12 months before the war to \$1,120,000,000 in the second year of war, and are now running at a rate of more than \$1,500,000,000 a year. Taxes on personal income, which totaled \$56,000,000 in the year before the war, are now running at a rate of about \$375,000,000 a year, and taxes on corporate income have increased from \$77,000,000 to about \$400,000,000 a year.

Clearly Canada has gone a long way with taxes designed to restrict civilian spending,

and to enable her to pay as she goes. In spite of this, a substantial amount of borrowing has been necessary. After allowing for a large increase in the government's cash balance, net borrowing over the first 2 years of the war amounted to a little more than \$1,200,000,000. There has, however, been no borrowing abroad. On the contrary, Canada has reduced her United States dollar debt slightly, and her sterling debt substantially, during the war period.

In borrowing such large amounts it has become increasingly necessary to appeal to persons with modest income. This group has received a large increase in net income since the war began, even after allowing for war taxation, while on the other hand the net income of the well-to-do has been reduced. Initially, much of the increase in low incomes had to be spent to repair the ravages of the depression. Now, however, growing pressure on Canada's productive capacity makes it increasingly urgent to postpone the spending of this increment until after the war, wherever possible. The major appeal to small savers has been through the sale of war savings certificates and stamps, on a payroll or other pledge basis, and 30,000 voluntary workers are now on this job. In addition, in the most recent war loan, of June 1941, a house-to-house canvass was made and a total of 970,000 subscriptions was obtained.

These fiscal measures of taxation and borrowing were designed to keep civilian demand in balance with the amount of productive capacity available after war requirements had been met. Taken as a whole, they represented a strenuous effort, but, in the case of a number of important individual commodities of greater than average scarcity, they were not enough. In the case of these commodities, war plus civilian demand still substantially exceeded the total supply, and it became necessary to choose between two disagreeable alternatives. The first was to let the open market ration the supply. In this case the price would rise without any commensurate increase in the volume of production, and the available supply would go to the highest bidders regardless of the purpose for which they wanted it. The other alternative was for the Government to stabilize the price and take whatever steps were necessary, by formal rationing or otherwise, to ensure that war and essential civilian needs were filled ahead of nonessential demands. The second method involves interference with the freedom of the market, and its disadvantages are obvious. Nevertheless, in relation to the really critical scarcities caused by World War No. 2 the decision in Canada and nearly every other country has been that it is the less undesirable of the two.

The shortage of United States dollars was Canada's first important example of a supply problem which had to be dealt with in this way. However, after the summer of 1940 cases of particularly acute scarcity began to crop up frequently and by the fall of 1941 formal or informal controls were in force with respect to iron and steel, aluminum, nickel, copper, brass, zinc, magnesium, tin, certain chemicals, machine tools, construction projects, and installations of equipment, automobiles, and certain other durable consumers' goods, lumber, rubber, gasoline, bacon and cheese, to mention only some of the major items made scarce by Canadian or Allied war demand.

When the war began national income had been running at the rate of \$4,200,000,000 a year, with about 1 percent of it devoted to war purposes. By the fall of 1941 national income had increased to a rate of about \$6,000,000,000 a year, but Canada's own direct war expenditure was now at the rate of \$1,300,000,000 a year and she was providing the Canadian dollars needed to meet Britain's net war requirements in Canada at the rate

of about \$1,000,000,000 a year.¹ These were not appropriations or contracts placed, but actual disbursements. Every dollar used for either of these purposes had to be raised in Canada and represented Canadian output, which could not be used for private investment, maintenance of private capital equipment, or private consumption.

In other words, there were fewer things for civilians to buy than there had been at the beginning of the war, while incomes were now higher by about \$1,800,000,000, or more than 40 percent. It is true that taxation was channelling more than half of this increment directly into payments for war production, and that saving of one sort or another was, of necessity, doing the rest of the job. The important question was, however, whether the saving was the positive kind that kept down demand (and made price stability possible), or the passive kind typified by the increases in working cash balances which automatically result from a rising price level.

Prices had risen considerably since August 1939. Industrial material prices were up by 41 percent, general wholesale prices by 28 percent, and the cost of living by 15 percent. Much of this total increase could be accounted for by the 10 percent premium on United States dollars, increased import taxes, and increased ocean-freight rates. Moreover, there had been a desirable recovery of agricultural prices from an abnormally low level and many of the other price adjustments which occurred during the general rise had been helpful in increasing production along required lines. However, the major effect of the special factors had appeared before the spring of 1941, and the record of prices between the end of March and the end of September was suggestive. Industrial material prices increased by 11 percent, general wholesale prices by 8 percent, and the cost of living by 6 percent.

It was, of course, the prospects for the future rather than the record of the past, which gave cause for concern. The military defeat of Germany was obviously going to require a great increase in the effort of Canada and every other anti-Axis power. On the other hand, nearly all the slack in the Canadian economy had now been taken up. Labor, even unskilled labor, was hard to get. A power shortage was looming. Transportation facilities were hard pressed. It was becoming more difficult to get needed supplies from the United States, where the incidence of the defense program was giving rise to the same kind of shortages as in Canada. Finally, ocean shipping was becoming so scarce that many materials available in abundance overseas could no longer be brought to North America in the desired quantity.

So far, fiscal measures had carried the main load of clearing the way, or rather keeping the way open, for war production. They had succeeded in holding down civilian spending reasonably well, and had left only particular supply problems of greater than average scarcity to be handled by direct controls. Now, however, an actual reduction of total civilian expenditure was necessary—probably a large reduction. Could fiscal controls be developed far enough and fast enough to meet the new needs?

Unfortunately taxation is a relatively blunt instrument of control. As a means of cutting down the spending of people with large incomes, it can be reasonably effective and fair, and Canada has not been half-hearted about

using it. But what is wanted now is some fair and practical method of effecting a substantial curtailment of spending on the part of those with small incomes as well. It was possible and proper to avoid this when there was slack in the economy, but there is no way of avoiding it now, when a constantly growing war effort is reducing the supply of goods available to civilians. Where the surplus of income over an individual's basic needs is small, and varies greatly between different individuals with the same income, it is, however, extremely difficult to devise any fair tax which could do a major job in a satisfactory way. This is true even with a tax that is refundable after the war. Moreover, tax controls are relatively inflexible. Taxes cannot be imposed and collected, or changed, quickly enough to meet all the needs of a total-war situation.

On the other hand, there is danger in leaving too much of the required curtailment of civilian spending to be effected by voluntary saving. Because of the backlog of demand for the modest comforts of life which accumulated during the depression, one must recognize that many would save too little and too late. Good leadership can reduce this danger by promoting public understanding of the issues involved, but Canada, like other democratic countries, is reaping the fruit of failure in the past to explain the facts of economic life to the mass of the people.

Surveying the situation at the end of the second year of war, when about 40 percent of the national income was already being devoted to war purposes, only one conclusion was possible. Shortages were becoming so acute and widespread that fiscal controls, however much they could in practice be strengthened, would not be enough. They would require far greater support than in the past from direct controls over price and distribution. Otherwise Canada would be resigning herself to price rises so numerous and rapid that they would soon touch off a general inflation. The Canadian Government had always rejected this alternative, with good reason.

When an inflationary spiral gets under way selling prices rise, but so do costs, and advances are likely to be irregular and hard to predict. Producers have to waste precious time trying to protect themselves from the hazards of these constant shifts, and a rising cost of living promotes a continuous succession of wage disputes. Neither management nor labor can concentrate its whole attention on the urgent job of turning out the goods.

There is another and more important reason why inflation and total war do not mix. If the word "total" means anything, it should mean that war production will eventually be increased to the point where no more productive capacity is left available for civilian use than is needed to maintain physical efficiency and morale. This implies that no one will have more than he really needs, but also that everyone will have the necessary minimum. Inflation, on the other hand, caters to the highest bidder and places the brunt of wartime scarcities on the economically weak. It would cause unnecessary suffering and unrest, and would rule out the possibility of a maximum effort; also, the hang-over from inflation would aggravate the inevitable difficulties of post-war adjustment.

The Government was determined not to succumb to this menace. The only question was whether it should attack the problem in a comprehensive or piecemeal way.

For example, it would have been possible to extend price controls rapidly, but on a selective basis. However, shortages were accumulating at such a rate that the selective approach could not have remained selective for long. Within a relatively short time something approximating to an over-all price ceiling would necessarily have emerged. In

the meantime those prices which were uncontrolled would have risen. This would have been unfair to producers whose prices had been controlled. It would also have impaired the balance of the price structure—which, as it then existed, did not have many major distortions (except for the low price of wheat) and was reasonably well adapted to drawing out the maximum production of things wanted in a war economy. A selective approach would have required the price-control authority to name and justify the items which should be held down while other prices were rising. An over-all price ceiling, on the other hand, would put the onus on the producer to justify any price rise in his favor while other prices were being kept stable. Finally, a selective approach would have made ultimate stabilization more difficult because every rise in uncontrolled prices would have brought additional and unnecessary pressure on the price ceilings which had already been established.

After careful consideration, the Canadian Government decided to attack the price problem on an over-all basis. In a broadcast on October 18 the Prime Minister said that the upward movement of prices had become a general problem which called for general treatment, and announced that a ceiling would be placed over the prices of all goods, rents, and a number of important services. He also said that, wherever necessary, steps would be taken to control civilian consumption in a fair and equitable way.

The price ceiling came into effect on December 1, and for any seller is the highest price charged by him during the 4 weeks September 15 to October 11. The Wartime Prices and Trade Board was given the task of administering this policy and no upward adjustment of any ceiling price may be made without its permission. The Board also has power to set maximum prices below the ceiling level.

The government recognized that prices could not be stabilized unless costs, including wage costs, were also stabilized, and as early as December 1940 a tentative wage policy had been worked out. It took the form of an order in council for the guidance of boards of conciliation, to whom all labor disputes in war industries had to be referred. It fixed basic wage rates at the relatively high level then prevailing (though upward adjustment could be made where a conciliation board found them to be abnormally low) and provided that any subsequent increase in rates should take the form of a standard cost-of-living bonus. The bonus was at the flat rate of 25 cents per week for each increase of 1 percent in the official cost-of-living index.

This arrangement appears to have been reasonably satisfactory to employees and employers in war industries. As labor became more scarce, however, wage increases in excess of what was provided for under the government plan began to occur frequently. This was unfair to those employees and employers who were abiding by the plan and made stabilization of prices more difficult.

The government therefore decided to extend its wage policy for war industries to all industry, to make it mandatory, and to provide machinery for its enforcement. A national war labor board consisting of five representatives of employees, five representatives of employers, and an independent chairman has been appointed to advise the government on labor matters, and to consider applications for the adjustment of abnormally low basic wage rates. Without its permission no basic rate can be increased, but on the other hand, employers are now bound to pay the standard bonus in respect of any increase in the cost-of-living index after October 1941, unless they can prove to the board that they are financially unable to do so. Subsequently, a ceiling has been placed over executive and managerial salaries.

¹The Canadian dollars are turned over to Britain in exchange for pounds sterling held in London. The Canadian Government has used a portion of this sterling, to date about one-third, for the redemption of certain of its bond issues held in the United Kingdom, but the rest remains as an accumulation of foreign currency.

In framing its price stabilization policy the Government gave special consideration to the effect upon agriculture. Farm prices were in general higher than they had been for 10 years, but in some cases they had not kept pace with increasing costs of production, particularly the cost of feed. In other cases, notably that of wheat, prices were still unduly low. To safeguard total agricultural income, the Government undertook to pay all transportation costs on feed grain from the prairies to eastern Canada or British Columbia. It will also make a special payment of 37½ cents per cultivated acre to farmers in the spring wheat area.

A statement of policy by the Wartime Prices and Trade Board has made it clear that, in general, no upward adjustments in the retail price ceiling will be permitted. Where costs are higher than those upon which the retail ceiling price was based, retailers, wholesalers, and manufacturers will be expected to work out among themselves a fair distribution of the excess. If no agreement can be reached, the Board will investigate and decide, distributing the burden in accordance with ability to shoulder it. However, there is no intention of depriving essential enterprises of a reasonable return, and in any case where the excess costs are too great, the Board may recommend that the Government absorb part of the burden. Wherever possible, this contribution will be made at the stage of primary production or importation, and will take the form of a reduction in the cost of raw materials or imports. A Commodity Prices Stabilization Corporation is being organized with this end in view. The Prices Board may also recommend that import duties or taxes be reduced or that an outright subsidy be paid where this is necessary for the maintenance of the retail price ceiling. The Board has, of course, emphasized the immediate necessity of making economies wherever possible, particularly by standardization of products and elimination of frills.

This means that, in general, where irreducible costs exceed the retail price ceiling, the excess will not be levied upon the consumers of the article in question but, through the Government, upon the people as a whole. If the former method were used on any scale it would, through its effect on general costs and wage rates, make stabilization impossible. Particularly in view of the importance of import costs, over which Canada has little control, the latter device will have to be used in many cases if the inflationary spiral is going to be stopped. Every rise in American prices does, however, make stabilization in Canada more difficult, because of its effect on export as well as import prices. Exports are not subject to the price ceiling, and if rising prices abroad begin to drain off materials or goods that cannot be spared, more control over exports will presumably be necessary.

Wage stabilization is perhaps the most difficult part of the over-all program. For years labor has suffered all the consequences of operating in a buyer's market. Now that it has an increasingly tight seller's market, acceptance of a stabilized rate of return calls for much self-restraint and a degree of long-sightedness which management and governments did not exhibit in their handling of labor problems during the depression period. However, there has been very heavy taxation of the middle- and upper-income groups, directly and through corporations. In addition, a steadily rising cost of living, and informal rationing of things, such as durable consumer goods, gasoline, bacon, and cheese, have begun to drive home this hard reality—that because of the war there is not enough to go around, and that no group in the community can escape the consequences. There is, therefore, reason to believe that Canadian wage earners will take the long

view and choose stable wages, stable prices, and an equitable division of the short supplies available, rather than a disorganized scramble in which the devil would take the hindmost. No doubt, however, much will depend upon whether or not the operations of the National War Labor Board give evidence that the Government is implementing a positive policy with regard to collective bargaining, and labor relations in general.

It is too early yet to say how the Government's bold and comprehensive program for stabilization will work out in practice. Particularly where formal rationing is necessary, however, it will raise administrative problems on a scale never before faced in Canada. Skilled personnel will be required which cannot easily be spared from other essential activities. The freezing of the price structure will remove elements of incentive and flexibility which it would be very desirable to retain, and will involve interference with many normal democratic practices. These things are not pleasant to contemplate even as temporary expedients to meet an extreme emergency.

Accordingly, though the direct-control program is certainly preferable to inflation, and is necessary at the present stage of Canada's war effort if inflation is to be avoided and a maximum effort attained, it is no substitute for any practical measures which can still be taken to bring demand more nearly into balance with supply.

For example, further efforts could be made to increase the supply of goods by more effective mobilization of what labor reserves remain, by more effective utilization of the present working force, or by other steps which would increase productive efficiency or reduce waste. The demand for goods could be reduced by more strenuous saving and heavier taxation. This would relieve some of the pressure on the price ceiling, would ease administrative problems, and would reduce the need for official rationing. To the extent that public opinion makes this possible, Canadians at home will be prosecuting the war in the most efficient and democratic way they can.

Mr. DOWNEY obtained the floor.

Mr. LA FOLLETTE. Mr. President, will the Senator yield to me for the purpose of suggesting the absence of a quorum?

Mr. DOWNEY. I yield.

Mr. LA FOLLETTE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Gerry	Nye
Austin	Gillette	O'Daniel
Bailey	Glass	O'Mahoney
Bail	Green	Overton
Bankhead	Guffey	Radcliffe
Barkley	Gurney	Reed
Bilbo	Hayden	Reynolds
Bone	Herring	Rosier
Brewster	Hill	Russell
Brooks	Holman	Schwartz
Brown	Hughes	Shipstead
Bulow	Johnson, Colo.	Spencer
Bunker	Kilgore	Taft
Burton	La Follette	Thomas, Idaho
Butler	Langer	Thomas, Okla.
Byrd	Lee	Thomas, Utah
Capper	Lodge	Tobey
Caraway	Lucas	Truman
Chandler	McCarran	Tunnell
Chavez	McFarland	Tydings
Clark, Idaho	McKellar	Vandenberg
Clark, Mo.	McNary	Van Nuys
Connally	Maloney	Wagner
Danaher	Maybank	Walgren
Davis	Mead	Walsh
Downey	Millikin	Wheeler
Doxey	Murdock	White
Ellender	Murray	Wiley
George	Norris	Willis

The PRESIDING OFFICER. Eighty-seven Senators having answered to their names, a quorum is present.

Mr. BARKLEY. Mr. President, will the Senator from California yield to me? Mr. DOWNEY. I yield.

Mr. BARKLEY. In view of the fact that an amendment is to be offered by the Senator from Alabama [Mr. BANKHEAD] transferring to the Secretary of Agriculture power to fix prices with respect to agricultural products, and in view of the fact that the Senator from Ohio [Mr. TART] is to offer an amendment setting up a board instead of a one-man administrator, I desire to have read from the desk, in a moment, a communication received from the President of the United States regarding both amendments. Before that is done, however, I wish to make a preliminary statement.

The bill now under discussion was introduced in the House and in the Senate on the 1st day of August 1941. In the House Committee on Banking and Currency extensive hearings were held, lasting several weeks, if not months. During those hearings the Secretary of Agriculture testified at length in behalf of the bill. During his testimony he did not suggest that the power to fix maximum prices on agricultural products be taken from the Price Administrator and conferred upon the Secretary of Agriculture.

The bill passed the House in December, came over to the Senate, and was referred to the Committee on Banking and Currency, where we held hearings for 2 weeks. During those 2 weeks the Secretary of Agriculture did not appear as a witness; and, so far as I know—and I was a member of the subcommittee which held the hearings—he did not request a hearing before the committee.

The subcommittee deliberated on the bill for several days, and finally reached a conclusion with respect to everything except one matter, and that was the question of whether there should be 100 percent or 110 percent of parity fixed as a floor below which the Price Administrator could not go in fixing agricultural prices. The subcommittee at that time stood 3 to 3 on that proposition, and agreed to leave it to the full committee.

The subcommittee met again on the 2d day of January, just prior to reporting the bill to the full committee, and prior to the report of the bill to the Senate by the full committee. On that last day the Secretary of Agriculture asked to be heard. He came before the committee and made a statement in which he requested that an amendment be agreed to which would transfer to him the control of prices of agricultural products. The subcommittee declined to agree to that, and the full committee also declined to agree. Because he went before the committee on that proposal there has been some confusion as to the attitude of the President and the administration with respect to that matter. Therefore, I ask that the clerk read, for the information of the Senate, so that they may have it before them for consideration, a message

to me in the form of a telegram which I received late yesterday afternoon.

The PRESIDING OFFICER. Without objection, the clerk will read as requested.

The Chief Clerk read as follows:

THE WHITE HOUSE,
Washington, January 7, 1942.

HON. ALBEN W. BARKLEY,
Washington, D. C.:

I appreciate the speed with which the Senate committee is handling the price-control bill, for price-control legislation is a very important part of the whole war structure.

But I am somewhat disturbed by reports that a board has been suggested as a substitute for a single responsible individual. I am also disturbed at the suggestion that control over agricultural commodities be separated from all other articles and vested in the Department of Agriculture.

I strongly hope that no division of control will be made. The whole price structure is linked together.

I am sending a copy of this to Senator BROWN.

FRANKLIN D. ROOSEVELT.

Mr. BARKLEY. I thank the Senator from California for yielding to me to have the telegram placed in the RECORD.

Mr. DOWNEY. Mr. President, I am asking the Senate to consider and pass on three small amendments which are all germane to one subject and are designed to exempt from the operation of the pending measure the moving picture and theater industry. Our radios and our newspapers are not subject to the terms of the price-control bill, and it would seem that the same principle should be applicable to the moving-picture industry.

Therefore, Mr. President, I desire to propose the following three amendments and will ask that they all be considered and passed upon at the same time, as they all seek to perform the same function:

The first amendment is on page 45, after the first comma, in line 14, to insert the words "or motion pictures"; on page 49, in line 10, after the word "magazines", to insert a comma and the two words "motion pictures"; and in line 24, on the same page, page 49, after the first comma in that line, which comes after the word "magazine", to insert "or moving picture or other theater enterprise."

The PRESIDING OFFICER. The clerk will state the amendments offered by the Senator from California.

The CHIEF CLERK. On page 45, line 15, after the word "material", it is proposed to insert "or motion pictures"; on page 49, line 10, after the word "magazines" to insert "motion pictures"; and on page 49, line 24, after the word "magazine" to insert "or motion picture or other theater enterprise."

Mr. BROWN. I may say that the Senator from California took the subject up with me, as did the Senator from Wisconsin [Mr. LA FOLLETTE], who has prepared an amendment somewhat along the same line. So far there has been no intention on the part of the Price Administrator to attempt to exercise any control over this subject matter, and in neither the House nor the Senate hearings was there any testimony which indicated that it was intended to

cover admissions to theaters. There is justification for the position that they are entitled to the same exemption as newspapers and periodicals. Therefore, so far as I am concerned, I have no objection to the amendment.

I wish to ask the Senator from Alabama [Mr. BANKHEAD], who said something this morning about wanting to have his amendment first considered, if there would be any objection to disposing of unobjected-to amendments such as this prior to taking up contested amendments?

Mr. BANKHEAD. I am perfectly willing to follow the procedure which the Senator in charge of the bill prefers to follow.

Mr. BROWN. Then I have no objection to the amendments, and am pleased to accept them.

The PRESIDING OFFICER. Without objection, the amendments will be agreed to en bloc.

Mr. O'DANIEL obtained the floor.

Mr. BONE. Mr. President, will the Senator from Texas yield for a moment to enable me to propound an inquiry to the Senator from Michigan?

Mr. O'DANIEL. Yes; I yield.

Mr. BONE. In view of the inquiry of the Senator from California, I should like to ask the Senator from Michigan with reference to the license feature on page 45 regarding the selling of radio time, and the regulation of compensation for time sold by a radio broadcasting station. Just how will the regulation be applied in that case?

On page 45 the bill says that no license may be required of persons selling radio time. Would that provision apply to the chain broadcasting companies? The other reference is to broadcasting stations alone, and I wondered just how to apply it. I am curious about it.

Mr. BROWN. I think it was intended to exempt entirely from the provisions of the bill the licensing of radio chains or radio stations. We do not think radio time is a commodity, any more than newspaper advertising is a commodity.

Mr. BONE. I gathered that that was the purpose.

Mr. BROWN. That is the general purpose; and we sought to make certain of that by the definition on page 49:

Nothing in this act shall be construed to authorize the regulation of * * * rates charged by any person engaged in the business of operating or publishing a newspaper * * * or operating a radio broadcasting station.

There is a complete exemption of that type of business.

Mr. BONE. Both of the local broadcaster and of the chain supplying the material?

Mr. BROWN. The Senator is correct.

Mr. O'DANIEL. Mr. President, the antiagriculture bill which is before this body under the name of a price-control bill is a matter of vital importance, and one which, if put into effect, would greatly affect the welfare of every American citizen. This price-control bill could prove very dangerous and damaging to our Nation; and certainly we are all agreed that this is no time to make an unsuccessful venture or experiment

which is as hazardous as this proposed price-control legislation.

I regard this price-control bill as a very unwise and unsound piece of legislation. In all of the argument put forth in behalf of this price-control bill, I have noted that the discussion has been between various Senators who appear to be interested in making this distasteful legislation more palatable to the farmers of America, since it is apparently a recognized fact that the farmers will suffer most under such a law; and I have been hoping that someone would raise the thought that the entire price-control bill should be abandoned and something thoroughly sound and workable substituted in place thereof, instead of trying to patch up a weak and unsound price-control bill by adding amendments.

I have tried my level best to find out why this legislation was ever proposed to this group of learned and intelligent Senators; but no sensible answer has been given to me on this subject. In fact, the only answer given to me as to who on earth wanted this kind of socialistic legislation enacted was that it was favored by former President Herbert Hoover. I realize, of course, that in this great democratic and deliberative body it is permissible to bring up any kind of legislation for consideration, regardless of how ridiculous it may be, or how dangerous it may be to our democratic form of government; but I am convinced that this piece of price-control legislation would take first prize.

Mr. President, I am opposed to the passage of any bill designed to set up a governmental authority for the purpose of fixing prices along the general lines contemplated in this bill when, in my opinion, it is possible to accomplish the task in a more practical way by an entirely different kind of a bill, which I shall presently explain.

Whenever we vest in the hands of a governmental Price Administrator or some governmental board the power to fix prices either of all commodities or of a selective group of commodities, we are, in my judgment, setting up an agency which is potentially dangerous and which may be with us long after this war has been fought and won.

I certainly do not question the sincerity of purpose of the Members of the House and the Members of the Senate who are urging this character of legislation, but I do question their judgment. I wonder if they are considering and if they have considered all the implications of this measure, and what will be the practical results. I wonder, in the first place, what they hope to accomplish by such legislation. I receive a great deal of mail, but out of the thousands of letters I have received not one person has ever asked me to initiate any price-control legislation. Who is it that is wanting this kind of legislation? I can answer for the farmers and ranchers of my State by saying that they do not want any price-control legislation at this time; but if it must come, they want all agricultural commodities excluded; and if agricultural commodities are not excluded, they certainly want the control

of agricultural-products prices left to the Secretary of Agriculture.

Surely nobody would be so absurd as to claim that the farmers of this Nation are profiteering; so why aim a bill directly at them? Surely it would be unwise for this Government to have one department, the Department of Agriculture, telling the farmers to let a certain percentage of their land lie idle in order to bring prices up, and have another department of our Government, the proposed price-control czar, forcing farm-commodity prices down. That is what we shall have if we continue the present Department of Agriculture and set up another price-control department to set farm prices.

Certainly this bill does not contemplate raising prices to the farmer. Consequently, it is intended to do exactly the opposite of what the Secretary of Agriculture is now trying to do. Is that not an inconsistent position into which the Senate is considering plunging this Nation?

Certainly the laboring people do not want such a bill. At least, none of them have asked me to initiate such legislation. The rank and file of labor knows full well that the wages of labor at every turn of the route of consumer goods from producer to consumer have the direct effect of increasing prices. They know that this bill effectively to lower commodity prices, or even to keep them from advancing, tends to lower wages, or hold them where they are, and in all events to prevent any wage increases. Surely wage earners do not want price control, unless wages are excluded, or unless the price control is placed under the Secretary of Labor on all commodities as to which wages are a component part of the price, which, of course, would include practically every commodity in the Nation.

Now, if the farmers and ranchers and laboring people do not want this price-fixing legislation, who else is left that might want it? Somebody might suggest that the consumers want it. Well, the farmers and ranchers and laboring people constitute most of our consumers; but surely if any other consumers wanted price-fixing legislation they would want prices fixed on the things they buy at the place where they buy them, and this bill does not provide for price fixing of all retail commodities. I do not believe that the few consumers remaining outside of the group of farmers and ranchers and laboring people are interested in fixing prices of farm products, or any other products, except at retail stores where they do their trading. Even a casual investigation of the prices the farmer gets for his products and the prices the consumers pay for finished products processed in whole or in part from farm commodities will reveal that there is little connection.

For instance, the price of beefsteak in Washington was recently checked, and the retail price was found to be 75 cents per pound, while 1 year previously it sold at 45 cents per pound. During the same year that the price of beefsteak advanced from 45 cents per pound to 75 cents per pound in Washington, the price of beef

cattle in Texas declined 1 cent per pound. What advantage would consumers have from having a price-control czar fix the price the farmer gets for his wheat? Consumers do not eat wheat, and they do not buy it direct from farmers. Consumers eat bread, and the price paid for a slice of bread here in some Washington restaurants would be equal to more than \$30 per bushel for wheat, while our farmers get around \$1.25 per bushel. The price paid for a cotton handkerchief here in Washington is equal to \$1.250 per bale for cotton, while this bill proposes to hold the farmer's price to less than \$100 per bale. How does it help the consumer for a price-control czar to set the price of cotton at 19 cents per pound to the farmer and exercise no control whatever over the retail price of the cotton handkerchief and other cotton goods purchased by consumers?

Mr. President, I do not mean to imply that this vast difference between farm prices and consumer prices is all profit. It includes manufacturing costs, transportation costs, handling costs, other expenses and profit. But I do contend that to protect the consumer the retail price and all intermediate prices are just as important as the farmer's price. The distinguished Senator from Michigan [Mr. Brown] has repeatedly stated that price-fixing legislation in intended primarily to benefit consumers. It must be apparent to all who study this problem that in order to actually benefit the consumers by price fixing, we must fix retail prices, because regardless of what we include in the first price-fixing bill we pass, it is obvious to me that if we are going to attempt to fix prices by law, in the end we will be forced to fix prices on everything. So before we start out on this road of passing price-fixing legislation, vesting in the hands of a price-fixing "czar" in Washington the power to tell every retail merchant in the country what he shall sell a yard of cloth for, what a farmer shall sell a pig for, and what a manufacturer shall sell every article he makes for, I think it is well for us to consider most carefully the ultimate dangers and probable results of such legislation.

My experience has been primarily that of a businessman, and I am mentioning some of the commonplace ideas which occur to me about this type of legislation, with the hope that some of the things which I mention may result in causing the Senate to give more careful consideration to some features of this proposed legislation.

Right here I want to take occasion to express my 100-percent disagreement with a philosophy of government which it seems to me is rather prevalent today, that is, that whenever we have a job to do and appoint a man as an agent of the Government or as a member of some bureau, board, or commission, the action of making him a public official automatically endows him with all the wisdom of Solomon, and gives positive assurance that the problem which we have thrown into his lap will be properly and completely solved. It seems to me that too much of the legislation which we pass is nothing more than "passing the buck" by

simply leaving the particular problem unsolved, and creating some board or commission with instructions to solve it.

Based on the experience which I have had in business, I can foresee many difficulties which will arise from any attempt to fix prices by law. For instance, we must have the maximum production from every industry in this country at this time if our national-defense program is to move forward as rapidly as we hope it will. This means that we must utilize not only our most efficient manufacturing plants, but that we must also utilize our inefficient plants. If a flat price is set on any commodity high enough to enable that the least efficient plants can operate, the result will be that the most efficient plants will be earning a tremendous profit.

Think of all the problems which would be involved in controlling the prices of wholesalers and retailers. What standards would we adopt? Suppose we took the standard of prices which exists today, and said by law they could not be increased; there would be a thousand ways by which such a law could be evaded. The wholesaler could increase the price to the retailer and state that, so far as the price of the merchandise was concerned, no increase had been made, but that he was furnishing services now which he had not heretofore furnished, in the form of advertising or special discounts; in fact, other things too numerous to mention.

Manufacturers or wholesalers could charge the regular fixed prices for certain commodities, but they could force their customers to take with those commodities other articles which did not have fixed prices, and by putting high prices on those items, they would obtain for the job lot a very profitable price. There are hundreds of marketing combinations and schemes which wide-awake merchants can work out and do it perfectly legitimately, within the law.

Whenever we attempt to fix rigid prices, the small industries of the country will suffer more than others, the reason being that as the larger industries, which are more fully engaged in national defense, daily take more and more of the efficient workmen, the smaller industries will of necessity be called on to operate largely with those who are less efficient, and this lessening of efficiency must of necessity increase commodity prices. The larger industries produce in larger volume, and volume production automatically produces at lower costs.

It may be said that the price legislation does not seek to go as far as the matters which I am here discussing. The answer to that is to me obvious; no matter how we start in this field of price fixing, in the end we are going to have to go all the way if we get the job done. So we had as well consider now the whole program before we start out on this course.

I think it is inevitable, if we start out on the line indicated in the proposed legislation, that sooner or later, either in the pending bill or in some subsequent bill, we will have legislation which will attempt to fix wages by law, and to state that there shall be no increases in wages.

Whenever we do this, we will be taking the very last step in regimenting the lives and daily efforts of all our citizens; and, furthermore, I think we would be attempting to do that which we could not do under the Constitution.

I say that whenever this Government undertakes to put into effect a price-fixing law which will actually get the job done and which will prevent inflation, we had just as well expect at that time to create a department which, sooner or later, will employ seven or eight hundred thousand people to do the necessary price fixing, policing, and enforcing. It is not unreasonable to expect that to get the job done might ultimately require the services of a million employees, because every citizen of the United States would be a potential law violator. And if we can believe the experience which we had in attempting to enforce that noble experiment known as the N. R. A., I believe my colleagues will agree with me that we would need an army of employees to make a price-fixing law work, even if we could make it work under those conditions. If it did not work fully and completely, it would fail completely and bring ruin in its wake.

It is claimed that this price-fixing bill will prevent or retard inflation. That is contrary to my belief; in fact, I believe it will tend to increase inflation. I make that statement because, by arbitrarily holding farm-commodity prices down, we are sure to lessen production, and all economists agree that as the stock of consumer goods decreases, inflation increases. In my opinion, it is possible to control inflation, but not by price fixing, and especially when the avowed intention of this price-fixing bill, as stated by its sponsors, is to benefit consumers by reducing prices to the farmers, or at least prevent any substantial advance to the farmers. It appears to me that the philosophy of the bill is backward. If we reverse the process and enact legislation to increase the prices to farmers, and take off all restrictions as to acreage planted, the farmers of America will increase their production of consumable goods, and that will tend to retard inflation, according to most economists' theories.

At this point, Mr. President, let me diverge temporarily from the subject to express agreement with the statement made by the able Senator from Maryland [Mr. TYDINGS] and others that America may become not only the "arsenal of democracy," but also the "breadbasket of democracy."

Little attention is now being paid to production of food because we have some surpluses, but with few other nations able to produce food and most of them too poor to buy it, we will face a starving world after the war, if not before the war ends; and now is the time to fill our present storehouses and build more and more food storehouses and pack them to capacity. Unless we do this, there may come a time when we will be as desperately in need of food as we were caught desperately short of war equipment.

Are we to allow inflation to run rampant in this country? Are we to allow

all of the evils which come with inflation to go unchecked? My answer to that is a very definite "no." I have in mind a perfectly reasonable method whereby we may prevent any unreasonable inflation in this country. The first thing I would recommend would be for the Government itself to stop doing those things which tend to bring about inflation. For instance, if all contracts for Government work were let in a fair and reasonable way, and if a bonus were paid to the contractor based on the amount of money he could save on the estimated cost of the project, instead of awarding contracts on a fixed fee, plus a percentage of the total cost, we would in that case be serving the taxpayer's interests and saving the taxpayer's money, and we would at the same time be preventing conditions in which costs are unreasonably increased and in which the very nature of the contract is such that the more it costs, the more profit the contractor makes. Certainly the Government should have an inflexible rule in awarding contracts, that every contract should carry a provision that it would pay a bonus to the management on the basis of the money saved. It is my belief that the power of the Federal Reserve bank has not yet been used to its full capacity to prevent inflation.

Furthermore, it seems to me it is possible for the Treasury Department to do far more than it has done. When it is necessary to secure additional funds, it should secure those funds directly from the citizens rather than borrowing them through our commercial banks, because when we borrow funds, that within itself is inflation, whereas securing the money from the citizens tends to prevent inflation, and the interests of the Government would be served alike in each case.

As I understand, the basic cause of inflation, as connected with our present war effort, is occasioned from the fact that the pile of consumer goods is reduced for many reasons. It is reduced by virtue of the fact that millions of people who have heretofore been engaged in the process of producing consumer goods have been moved over to the national-defense industries. Therefore, we have fewer producers within this field of consumer goods. Another reason is that the functioning of the priority system, which gives preference to defense industries, causes the consumer-goods industries to produce under capacity because they do not have enough raw materials. All these things, and others, combined, result in a constantly dwindling supply of consumer goods, and a dwindling supply of consumer goods produces inflation.

On the other hand, the almost 100-percent employment of all our citizens at increased wages has resulted in a combined increase in the purchasing power of most of our people. In other words, most of our people find themselves in the position of having more money to spend for consumer goods than they possibly have ever had before, but there are fewer goods to be bought. Then the competitive bidding for the small supply of consumer goods begins, and what we are interested in here today is to find a way

to prevent the inflated prices, which it appears are inevitable, if prices are not checked.

To me it seems to be more or less a simple problem how to restore equilibrium between the quantity of consumer goods we have for sale and the amount of money which the people have with which to buy these goods. We already have a tremendous deficit in this country. In addition to that we are spending money at a tremendous rate. We are honest, and we expect to pay our debts, and it seems to me that right now is the time to start working toward that end. I believe that if instead of passing price-control legislation, which means creating another board or bureau to regiment the business of this country to tell us what we can do and what we cannot do, if we would adopt a proper system of taxation and enforced savings so as to take this excessive purchasing power out of the market for consumer goods, the result would be that we would retard inflation and get the job done in a sound, positive, and practical manner.

Many business institutions in this country today are earning enormous profits because of the added volume of work incident to the national-defense program. I think the first thing we should do is to enact an excess-profits-tax law which would be based on a fair formula to determine excess profits, and this law should then tax all profits 100 percent in excess of a reasonable earning.

Then there is another thing which it would be necessary to do, and that is to withdraw from the competitive field of buying all excess earnings of our people. Therefore, I believe that along with a 100-percent excess-profits tax on business should go a combination of excess-earnings tax and compulsory savings tax on individuals.

Let me illustrate just what I have in mind. If a corporation has earnings of a million dollars in excess of fairly determined normal earnings which it enjoyed during the period immediately preceding our national emergency, the Government would tax that million dollars 100 percent. If the head of a large corporation, by virtue of increased profit, should decide to pay himself a salary of \$50,000 annually more than he had normally been earning, this increase should also be taxed 100 percent. If an individual who had normally been earning \$2,000 a year suddenly advanced to an earning of \$3,000 a year, I think it would be just and right for the Government to say to him, "We expect you to pay to the Government an excess-earnings tax of 100 percent of this increase, with the understanding that 75 percent of this excess earnings will be set aside in nonnegotiable Government securities payable back to you at the end of this emergency or 5 years from date."

The result of a system of taxation built on this broad general principle would be that we would have no excess corporation earnings with which to inflate prices, and we would have no excess individual earnings to serve to inflate prices, but, on the other hand, by a direct system of forced saving, 75 percent of

the excess earnings of individuals would be saved for them, and would be available to them to spend during the period which will follow this emergency, which will probably be a period of very substantial depression.

I believe the idea which I have suggested here, with proper safeguards, could be made a part of and added to our present system of income taxing, and I believe it would solve the problem of inflation which we are worrying about here today.

The big advantage of the plan I am suggesting is this. If we adopt this plan, it could be made effective and carried out by the Department of Internal Revenue. Business would go along on the same basis on which it is now operating. We would not attempt to say to business how much profit they could make, but we would say to them, "If your profit is excessive compared to pre-emergency profits, we expect to take 100 percent of the excess away in taxes." We would not say to the individual who is making excessive earnings that, "We expect to take all your earning at this time," but we would say to all who are profiting from this emergency, "Your excessive earnings which are coming to you by virtue of this emergency, must not be used by you to inflate prices and thereby create a situation which will make it more difficult for other workers in this country to live."

We have in this Nation today many millions of people whose earnings have not been increased during this emergency, in fact, there are millions of white-collar workers who today are actually earning less in terms of what they can buy than they have been earning during past years. Certainly any system of taxation which proposes to levy flat pay-roll taxes on all people alike would be unfair. I am perfectly willing to go along if it is necessary to levy a flat pay-roll tax on everybody to supplement our national tax bill, but the first thing I want to do is to take completely out of the field of current purchasing power all excessive earnings, whether they be in the hands of corporations or individuals. Then, when we have everybody on the same basis, we can apply flat pay-roll taxes, if necessary, to the normal earnings of everybody.

I believe that the plan which I am suggesting, of utilizing taxation to its fullest power, would prevent any inflation, and that it could be carried out by governmental machinery which we now have. When the emergency is over, we shall not have created another fat government bureau with about a million employees, which will want to perpetuate itself long after the emergency is ended, and possibly seek to keep American business regimented and under bureaucratic control for the remainder of our lives and possibly the lives of our children.

I am convinced in my own mind that we have in departments in Washington today in places of power many persons who would completely destroy the present system of free enterprise and free government in this country and substitute for it a highly regimented, centralized government in Washington. If we

pass a bill which creates a new bureau and provides for a few hundred thousand more employees, we will automatically make more difficult the battle which we shall have when this emergency is over to get back to the normal way of doing business.

I do not believe that we are forced to make a choice today between having unrestricted inflation on the one hand or unrestricted governmental bureaucracy on the other hand. I believe we can use taxation to pay our debts, and at the same time prevent any unusual price inflation. Certainly no one wants to profit by this war.

While I am talking on this subject, let me say that it is generally recognized that we can prevent inflation not only by restricting the purchasing power of the people to buy consumer goods, but also by increasing the supply of consumer goods. The best way that I know to increase the supply of consumer goods is to remove restrictions which prevent such supplies from being made available. I believe that the provisions of present laws which limit the hours of labor to 40-hours a week and require time-and-a-half for all overtime are very unwise in the present emergency. I believe that American labor should be encouraged to produce all it can. I believe that it should be paid good wages. I am not in favor of wage reductions; but in this emergency if it is necessary for a man to work 10 hours a day I certainly do not believe that the recipient of the labor of that man should be required to pay a premium at the rate of time and a half for all overtime when he could employ other persons to work the additional hours at the regular rate and thus keep the cost down on the consumer goods produced, which, of course, would help decrease inflation. Laws which automatically result in the average producer producing less certainly aid inflation, in that they reduce the supply of consumer goods. Small supplies of consumer goods are, of course, the fundamental cause of inflation.

It may be that the remedies which I am suggesting here today may not be exceedingly popular; but I believe we should immediately recognize that we are in a terrible war, and the sooner we bravely and fearlessly face these issues and solve them, the sooner we will win the war and recover from its devastation. We cannot evade the issue by creating more boards and bureaus and passing on to some other agency responsibility for doing the job. I think it is a job which it is the responsibility of the Congress of the United States to do; and I think the best way to do it is by utilizing the power of taxation. I believe it is the simplest way to do it; and I believe we are more likely to have free American enterprise in this country when the emergency is over if we adopt this method.

The cost of 1,000,000 men to administer and enforce price-fixing legislation would be more than \$2,000,000,000 annually for salaries alone, and possibly another billion a year for expenses. Such a department would be a dead expense, with no income. To bring about more positive results by taxation the additional cost

of operating the Internal Revenue Department would be slight. About the same number of income-tax reports would be made, but the figures would be different. Also, the Internal Revenue Department has an income, and is more than self-supporting.

Yesterday the able Senator from North Carolina [Mr. BAILEY] discussed the value of money and the effect of a fluctuating currency in connection with price fixing. He delved into ancient history and gave a splendid explanation of our position and the grave problems lying ahead of us in this Nation. While his discourse was eloquent and illuminating, I should like to bring our world problem, or national problem, down to lesser proportions. For illustration, suppose there were only 1,000 people in this Nation and that we used the barter system of swapping and had no money to use as a medium of exchange. Suppose we were then attacked. Part of the thousand persons would devote their efforts to the manufacture of guns and munitions; others would plant crops; some would weave cloth and make clothes; while others would go out and fight the battle. No money would change hands, because they would have no money, and inflation would not be a problem. But they would work, produce, fight, and sacrifice. Those things are the essentials in winning a war.

But there are 130,000,000 American citizens instead of only 1,000, and we must necessarily use money as a means of exchange; but still we must work, produce, fight, and sacrifice just the same in order to win this war. Under our present system the only problem to solve is the money problem. We must keep our entire civilian population working and producing by using money as the principal incentive for their activity, because that is the way we have been trained. Inasmuch as the war is a mutual problem affecting the present and future welfare of each and every one of us we must make sure that not a single person comes out at the end of the war with a greater percentage of our money than he would normally acquire under conditions immediately preceding this emergency. We could do this by the taxation plan which I have just explained, and it would be done thoroughly and fairly and at less cost than by the price-fixing method which is now under discussion. By using the plan which I have outlined we could function under our democratic system without having any aftermath to clean up or adjust. We could keep right on after the war ends with the same system, except to reduce the percentage of excess-profits and earnings tax as our national expenses and our national debt might justify.

This excess-profits and earnings plan can be added to the next tax bill which comes along. It will not be long before we have the new tax bill before us, and very little time will be lost in getting it into effect. Furthermore, as soon as such a tax bill is passed, profiteering will suddenly slow down or stop, and retail commodity prices will drop or will come to a standstill, because very few corporations or individuals will take any particular

delight in holding up their customers with exorbitant prices just to have their excess profits turned over to the Federal Government. What I have said would apply to all lines of commercial activity, including manufacturing, transportation, wholesaling, retailing, construction, to every line of business, and to all individuals. Our President has said there are to be no war millionaires made during this war. There are some persons who are well on their way to becoming war millionaires at this time. Are we going to stand idly by and permit such a disgraceful thing to happen, or are we going to back up our President? The plan which I have proposed will do the job, and it will eliminate all possibility of any war millionaires being made during this great crisis.

Mr. President, there is another grave danger in this proposed price-fixing legislation. I do not know who will be the administrator, but it is quite likely that in time to come there will be many administrators. There is no use to talk of personalities and not personalities; and my remarks are not intended to reflect on anyone. But it is easy to see that by this proposed legislation we shall be setting up a most dangerous vehicle if it should ever be administered by any person who would use it for personal gain. Tip-offs could be made in advance of price changes, and such tip-offs would permit those who received the information to make immense fortunes. Such legislation would lay the foundation for the most colossal ring of profiteering ever imagined. Even if some future administrator did not take part in the plot, with so many employees it would be possible for leaks to take place, and that would be extremely disastrous. As I said before, we are not dealing in personalities; but we are setting up the machinery, and we should be absolutely sure not to set up machinery susceptible to such grave abuses. Under such a set-up, racketeering could be conducted on an enormous scale—greater than any ever before dreamed of by the greatest crooks in history—and it would be possible for that to happen without any criminal intent whatever on the part of the administrator.

Mr. President, should such a dangerous department be set up, the blame would rest entirely upon the Congress of the United States.

My remarks have come sincerely and from my heart. I ask that this price-fixing bill be replaced with something safe, sound, and practical, which will help carry out our great wartime program, and help retain our democracy after the war is over.

Mr. President, I intend to vote for every piece of legislation that I consider essential to the successful prosecution of this war, but I do not regard this proposed price-fixing legislation as a war-necessity measure in any sense of the word. This war will be fought and won by men and machines, and I will support to the limit any appropriations or taxes or laws to provide those essentials. But in my opinion the passage of this price-

fixing bill will only give unfair advantage to some, and will unfairly penalize others. It has already been proven by the arguments presented in this Senate that price-fixing legislation is for class advantage. This bill in its present form will penalize every farmer and rancher in my State, while the political contractors, speculators, money changers, and others will profit by it. It will penalize every small manufacturer in my State, and will put many of them entirely out of business, by setting the price of their products on the basis of cost of production in gigantic factories in which the cost of operation is naturally lower on account of larger volume. The same thing will happen to small industries in other States. The bill will centralize industry instead of decentralizing it, and such centralization will adversely affect every laboring person in the rural area of our large State of Texas. The bill will not benefit the consumers of our State, because many of our consumers produce what they consume. It will hold out to some of our citizens false hope that prices will be held down, when in fact they will be held down principally on articles which will not be obtainable at any price because they will not be manufactured. Mr. President, my people in Texas are anxious and willing to do their part forcefully to prosecute this war. Nowhere on earth will you find people more patriotic and loyal than the citizens of Texas. They are willing to work night and day, and to sacrifice to the extent of giving the last shirt off their back, but they believe the responsibility should be equally and fairly divided, and that each should do his part. Fairness to all and favor to none is all we ask. That is what my excess-profits-and-earnings-tax plan will bring about—fair play to all. At the same time it will accomplish what we now seek to accomplish. I believe it is very important that we should have an opportunity to consider an excess-profits-and-earnings-tax plan before we take final action on the price-fixing plan now under consideration. Therefore, Mr. President, I should like to state that at the proper time I intend to move that this price-fixing plan be laid on the table or recommitted to the Committee on Banking and Currency, or otherwise postponed, if possible, for further consideration after an excess-profits-and-earnings-tax plan receives consideration by this body.

Mr. President, in closing my remarks I desire to stress the fact that I fully realize the graveness of this war, and I shall at all times strive to the best of my ability to wholeheartedly cooperate for the sole purpose of successfully prosecuting this war. That is what all red-blooded American citizens will do, and that is what my people of Texas are doing, and what they know I am doing. But I am very much disturbed over this hazardous price-control legislation, and I cannot conscientiously say that I am able to see anything safe, sound, and practical in it. Hence, I am doing everything I know how to do in order to get this body to give careful and thorough consideration to the legislation which I

have recommended, before final action is taken on this dangerous price-control bill.

Mr. VANDENBERG. Mr. President, I offer the following amendment: At the bottom of page 45, after line 25, insert the language found in the House text on page 7, subsection (g), reading as follows:

The powers granted in this section shall not be used or made to operate to compel changes in the business practices or cost practices or methods, means or aids to distribution established in any industry, except to prevent circumvention or evasion of any ceiling established under this act.

The sole purpose of the amendment, Mr. President, is to make sure that the bill is simply a price-control bill, and not a business management-control bill. It is my understanding that the able chairman of the subcommittee has no objection to the acceptance of the amendment.

Mr. BROWN. Mr. President, the Senator is correct. I am perfectly willing to accept the amendment.

The PRESIDING OFFICER (Mr. SPENCER in the chair.) Without objection, the amendment to the committee amendment is agreed to.

Mr. THOMAS of Oklahoma obtained the floor.

Mr. BROWN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Gerry	Nye
Austin	Gillette	O'Daniel
Bailey	Glass	O'Mahoney
Ball	Green	Overton
Bankhead	Guffey	Radcliffe
Barkley	Gurney	Reed
Bilbo	Hayden	Reynolds
Bone	Herring	Rosier
Brewster	Hill	Russell
Brooks	Holman	Schwartz
Brown	Hughes	Shipstead
Bulow	Johnson, Colo.	Spencer
Bunker	Kilgore	Taft
Burton	La Follette	Thomas, Idaho
Butler	Langer	Thomas, Okla.
Byrd	Lee	Thomas, Utah
Capper	Lodge	Tobey
Caraway	Lucas	Truman
Chandler	McCarran	Tunnell
Chavez	McFarland	Tydings
Clark, Idaho	McKellar	Vandenberg
Clark, Mo.	McNary	Van Nuys
Connally	Maloney	Wagner
Danaher	Maybank	Wallgren
Davis	Mead	Walsh
Downey	Millikin	Wheeler
Doxey	Murdock	White
Ellender	Murray	Wiley
George	Norris	Willis

The PRESIDING OFFICER. Eighty-seven Senators having answered to their names, a quorum is present.

Mr. O'MAHONEY. Mr. President, will the Senator from Oklahoma yield to me for a moment?

Mr. THOMAS of Oklahoma. I yield to the Senator from Wyoming.

EMERGENCY WAGE PARITY AMENDMENT

Mr. O'MAHONEY. Mr. President, yesterday I offered an amendment to the pending bill, which I desire to change in a slight particular. I ask that the amendment may be reprinted in the modified form and lie on the desk, and

that it may also be printed in the RECORD.

The PRESIDING OFFICER. The amendment, as modified, will be printed in the usual form, printed in the RECORD, and lie on the table.

The amendment, as modified, intended to be proposed by Mr. O'MAHONEY, to House bill 5990, is as follows:

On page 29, after line 4, strike all of section 3, relating to "Agricultural Commodities", and insert in lieu thereof the following section 3:

"Sec. 3. (a) No maximum price shall be established or maintained for any agricultural commodity below the then current emergency wage parity price or comparable price for such commodity, adjusted for grade, location, and seasonal differentials, as determined and published by the Secretary of Agriculture in the manner hereinafter provided in subsection (b).

"(b) For the purposes of this act, emergency wage parity prices shall be determined by the Secretary of Agriculture by constructing a combined index in which the purchasing power index now used by the Secretary to compute parity prices shall be given a weight of 80 and a factor representing an index of urban wage rates, as determined by the formula in use January 1, 1941, in the index of wage rates published in 'The Monthly Review of Credit and Business Conditions' by the Federal Reserve Bank of New York, shall be given a weight of 20. In applying this combined index the Secretary shall take such steps as in his judgment may be necessary to establish and maintain equitable price relationships as among all agricultural commodities.

"(c) Any maximum price established upon the resale price of any agricultural commodity, or any grade, regional, or market classification thereof, or upon the price of any commodity processed or manufactured in whole or substantial part from any agricultural commodity shall not be below a price which will reflect to the producer of such agricultural commodity the emergency wage parity or comparable price therefor as determined pursuant to this section.

"(d) Neither the provisions of section 5 nor any other provision of this act shall be construed to authorize any action contrary to the provisions and purposes of this section: *Provided*, That nothing contained in this act shall be construed to modify, repeal, supersede, or affect the provisions of the act of Congress cited as the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provisions thereof, or amendments thereto, which may be in existence or hereafter issued under the provisions of said act."

Mr. O'MAHONEY. Mr. President, in connection with the modified amendment, and with the whole problem which is being presented here, I wish to ask unanimous consent to print in the RECORD a press release which was given out by the Office of Production Management on December 30, 1941, together with a list of corporations to which certain war contracts have been given, and which I obtained from the Office of Production Management.

WAR-CONTRACT PROFITS EXCEED TOTAL FARM INCOME

The significance of this material is this: According to the statement of the Office of Production Management of December 30, 1941, there have been awarded by the Army and the Navy up to September 30, 1941, more than fifteen and a

quarter billion dollars in war contracts. Those contracts totaling fifteen and a quarter billion dollars-plus awarded during the period from June 1940 through September 1941 have been issued to 2,922 corporations. Of that stupendous total, 82.6 percent was awarded to 100 companies; 100 corporations out of 2,922 to which more than fifteen and a quarter billion dollars in war contracts have been awarded received more than 82.6 percent.

Another interesting and startling fact in connection with this situation is that Mr. Leon Henderson, head of the Office of Price Administration, in testifying before the Banking and Currency Committee gave the estimate that corporate profits before taxes this year will total about \$11,500,000,000.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. SHIPSTEAD. Did the source from which the Senator got his information indicate on what formula was based the price which these corporations will receive for the things they produce?

Mr. O'MAHONEY. No.

Mr. SHIPSTEAD. Was there anything said about parity?

Mr. O'MAHONEY. Nothing was said about parity.

Mr. SHIPSTEAD. That is what I thought.

Mr. O'MAHONEY. More than that, nothing was said about the prices of 1910-14.

Mr. SHIPSTEAD. And nothing was said about inflation, was there?

Mr. O'MAHONEY. Nothing was said about it.

Mr. SHIPSTEAD. I do not think the Senator will hear anything said about it.

Mr. O'MAHONEY. But it is only proper to say that Mr. Henderson did argue that price control will tend to hold down the cost of war production. I am pointing to the fact that he estimates corporate profits are about \$11,500,000,000 for the year. When we consider that the total farm income, including benefit payments from the Government, in 1940—the farm income received by almost 23 percent of our entire population—was just a little more than \$11,000,000,000, it becomes impossible, it seems to me, to understand why news commentators upon the radio and editorial writers in the urban press continue to fling the charge of petty politics against Members of the Senate and of the House of Representatives who dare to utter a word in defense of agriculture.

Last night I heard a radio commentator say that one Senator, unnamed, who was said to have attended a farm conference the other morning, was quoted as having said, "The question is, Are we to be statesmen or friends of the farmer?" My point, Mr. President, is that the statesmanlike position in this crisis is to be a friend of the farmer, and if action by this body is not sufficiently courageous and forthright to make certain that the farmer shall not be submerged farther than he is now submerged, then it is difficult to look forward with hope to what is going to happen after this war. When the administrator of prices can

come before the Banking and Currency Committee and tell us that corporate profits will be \$11,500,000,000, and when the Office of Production Management tells us that of more than \$15,000,000,000 in contracts, 82.6 percent have gone to 100 companies, the time, Mr. President, has come for the press and the radio to realize that if the farm population of the United States is to be condemned to become a peasant class, then, indeed, the day of democracy is done.

I apologize to the Senator from Oklahoma for having trespassed upon his time, but I desire that the press release from O. P. M., together with a statement listing the hundred companies, which I thereafter received from O. P. M., shall be printed at length in the RECORD at this point.

There being no objection, the press release and list were ordered to be printed in the RECORD, as follows:

The following tables, based upon studies made by the Bureau of Research and Statistics, Office of Production Management, show distribution of Army and Navy commitments for supplies.

The commitments cover procurement of ships, airplanes, tanks, guns, other equipment, food, and fuels, as distinguished from cantonments, fortifications, arsenals, and factories.

The tables cover Army and Navy funds obligated with 100 leading primary contractors from June 1940 through September 1941.

The first table shows the number of companies to which commitments have been made within certain ranges from \$17,700,000 to and including \$1,000,000,000, plus actual amount of commitments with each group, and percentage of grand total this represents.

[In millions of dollars]

Number of companies	Range	Total amount of commitments for group	Percentage of supply contract total
3	\$800.0 to \$1000.0	\$2,657.7	17.4
4	\$600.0 to \$799.9	2,626.4	17.2
2	\$400.0 to \$599.9	904.0	5.9
6	\$200.0 to \$399.9	1,980.5	13.0
13	\$100.0 to \$199.9	1,805.2	11.8
16	\$50.0 to \$99.9	1,143.7	7.5
19	\$30.0 to \$49.9	670.1	4.4
37	\$17.7 to \$29.9	823.9	5.4
2,922	¹ Up to \$17.7	2,652.9	17.4
Total, 3,022		15,274.4	100.0

¹ The tabulation is based on individual contracts of \$50,000 and over.

The following table shows cumulative totals of companies, and contracts awarded in categories ranging from 17.7 million dollars to one billion dollars.

[In millions of dollars]

Commitments	Cumulative number of companies	Cumulative total of commitments	Cumulative percentage of total
Over \$800.0	3	\$2,657.7	17.4
Over \$600.0	7	5,284.1	34.6
Over \$400.0	9	6,188.1	40.5
Over \$200.0	15	8,168.6	53.5
Over \$100.0	28	9,973.8	65.3
Over \$50.0	44	11,117.5	72.8
Over \$30.0	63	11,787.6	77.2
Over \$17.7	100	12,611.5	82.6
Over \$0.05	3,022	15,274.4	100.0

¹ The tabulation is based on individual contracts of \$50,000 and over.

One hundred corporations or independent companies holding greatest amount of War and Navy Department supply contracts awarded June 1940 through September 1941

[Millions of dollars]

Corporation or company:	Value
Bethlehem Steel Corporation.....	961.5
Curtiss-Wright Corporation.....	886.3
General Motors Corporation.....	809.9
Consolidated Aircraft Corporation.....	691.3
Glenn L. Martin Co.....	670.3
Douglas Aircraft Co., Inc.....	649.6
Boeing Airplane Co.....	615.2
New York Shipbuilding Corporation.....	493.6
United Aircraft Corporation.....	410.4
Newport News Shipbuilding & Dry Dock Co.....	389.2
Lockhead Aircraft Corporation.....	367.9
United States Steel Corporation.....	338.4
E. I. du Pont de Nemours & Co.....	331.6
North American Aviation, Inc.....	319.6
General Electric Co.....	233.8
Seattle-Tacoma Shipbuilding Co.....	179.6
Chrysler Corporation.....	174.5
Bath Iron Works Corporation.....	166.5
Western Cartridge Co.....	158.9
Sperry Corporation.....	147.0
Aviation Corporation.....	137.7
Ford Motor Co.....	134.2
Bell Aircraft Corporation.....	126.4
Electric Boat Co.....	126.3
Bendix Aviation Corporation.....	124.5
Cramp Shipbuilding Co.....	114.8
American Car & Foundry Co.....	114.0
Baldwin Locomotive Works.....	100.8
Consolidated Steel Corporation, Ltd.....	98.2
Beech Aircraft Corporation.....	93.3
American Locomotive Co.....	86.2
Los Angeles Shipbuilding & Dry Dock Corporation.....	83.4
Gruman Aircraft Engineering Corporation.....	81.0
American Woolen Co., Inc.....	80.9
Continental Motors Corporation.....	71.0
Westinghouse Electric & Manufacturing Co.....	69.5
Republic Aviation Corporation.....	65.6
Western Electric Co.....	63.7
Packard Motor Car Co.....	63.7
Tampa Shipbuilding Co., Inc.....	62.7
White Motor Co.....	61.3
Diamond T Motor Car Co.....	57.5
Standard Oil Co. of New Jersey.....	55.2
Ingalls Shipbuilding Corporation.....	50.5
Studebaker Corporation.....	47.6
Anaconda Copper Mining Co.....	43.5
Savage Arms Corporation.....	41.5
Gulf Shipbuilding Corporation.....	41.8
Moore Drydock Co.....	38.0
Atlas Powder Co.....	37.2
Phoenix Securities Corporation.....	35.5
Crucible Steel Co. of America.....	35.2
Colt's Patent Fire Arms Manufacturing Co.....	35.2
Fairbanks Morse & Co.....	34.9
Empire Securities, Inc.....	33.1
Hercules Powder Co., Inc.....	32.2
Northern Pump Co.....	31.5
Arma Corporation.....	30.7
Firestone Tire & Rubber Co.....	30.9
Manitowac Ship Building Corporation.....	30.5
Day & Zimmerman, Inc.....	30.4
International Harvester Co.....	30.3
Lake Washington Shipyards.....	30.1
Standard Oil Co. of California.....	29.3
Scovill Manufacturing Co.....	29.1
Kelsey Hayes Wheel Co.....	29.0
Bausch & Lomb Optical Co.....	29.0
Todd & Brown, Inc.....	26.8
Eastman Kodak Co.....	26.5
Allis-Chalmers Manufacturing Co.....	26.5
Willamette Iron & Steel Corporation.....	25.7
Mack Trucks, Inc.....	25.3
Miehle Printing Press Manufacturing Co.....	25.1
Procter & Gamble Co.....	24.7

Corporation or company—Con.	Value
Northrop Aircraft Corporation.....	23.7
Goodyear Tire & Rubber Co.....	23.1
Radio Corporation of America.....	22.7
Revere Copper & Brass, Inc.....	22.6
Norris Stamping & Manufacturing Co.....	22.1
Fairchild Aviation Corporation.....	21.7
Botany Worsted Mills.....	21.5
Singer Manufacturing Co.....	21.2
Fairchild Engine & Airplane Corporation.....	21.0
Buffalo Arms Corporation.....	20.9
General Cable Corporation.....	20.2
Budd Wheel Co.....	20.0
William Whitman Co., Inc.....	20.0
Brewster Aeronautical Corporation.....	20.0
Dravo Corporation.....	19.7
Mesta Machine Co.....	19.5
Associated Shipbuilders.....	19.4
Lansdowne Steel & Iron Co.....	19.3
High Standard Manufacturing Co., Inc.....	19.2
Pullman, Inc.....	19.0
Marietta Manufacturing Co.....	18.9
Shell Union Oil Corporation.....	18.6
American Finishing Co.....	18.6
Hooven Owens Rentschler Co.....	18.3
Defoe Boat & Motor Works.....	18.0
Koppers United Co.....	17.7

Mr. THOMAS of Oklahoma. Mr. President, I offer an amendment to the pending bill. I ask that the amendment be printed in the RECORD, but at this time I shall not ask to have it read. A little later I shall explain the amendment somewhat in detail.

The PRESIDING OFFICER. Without objection, the amendment will be printed in the RECORD.

The amendment offered by Mr. THOMAS of Oklahoma was, on pages 29 and 30, to strike out section 3 relative to agricultural commodities, and to insert the following:

SEC. 3. Section 301 of title II, of Public, No. 430, Seventy-fifth Congress, approved February 16, 1938, is hereby amended to read as follows:

"SEC. 301. General definitions: For the purposes of this act and the declaration of policy—

"(1) 'Parity,' as applied to the price for any commodity, is that price which will give to such commodity a value or purchasing power with respect to articles that the producers of such commodity may buy equivalent to the purchasing power of such commodity in the base period as adjusted and provided herein:

"(a) The base period for the purposes of this act is the 10-year period from July 1, 1919, to June 30, 1929, inclusive.

"(b) In calculating the 'parity' price for any commodity, such price with respect to value or purchasing power shall be determined at any given time on the basis of the price relationship existing between such commodity and the articles that the producers of such commodity may buy as such relationship existed during the base period and as provided in this section.

"(c) For the purpose of calculating the 'parity' price for any commodity, the index number of 100 as determined by the Bureau of Labor Statistics for the year 1926 shall equal the base price for all articles that producers may buy.

"(2) All 'parity' prices for commodities shall be calculated as nearly as possible on the formula provided for cotton, as provided herein, and the base price and parity price for cotton shall be calculated on the following formula:

"(a) The base price for cotton shall be the average price of spot seven-eighths-inch Mid-

dling cotton as such price was current at the 10 recognized southern concentration points at the close of such markets on the 1st and 15th days of each month during each fiscal year of the base period and the average of such bimonthly prices shall be considered the average or base price for cotton during such base period: *Provided*, That if either the 1st or 15th day of any month falls on Sunday or a legal holiday when any or all of the selected market places are closed, then the market close on the first succeeding market day shall be considered: *Provided further*, That the base price for wheat shall be the average price of No. 1 wheat as such price was current at not to exceed 10 general wheat markets or wheat concentration points on the 1st and 15th days of each month during each fiscal year of the base period, and the average price for such wheat at such points during such base periods shall be considered the average or base price for wheat for the purposes of this act: *Provided further*, That the base price for corn, rice, tobacco, and any other commodity, farm or industrial, shall be calculated on the same formula as is provided for cotton and wheat: *And provided further*, That the Secretary of Agriculture is herein authorized to select not to exceed 10 general market places for any farm commodity, other than cotton, and the Secretary of Commerce is authorized to select not to exceed 10 general market places for commodities other than farm products, and each to calculate the average or base prices of commodities as provided herein.

"(b) The average price of cotton, wheat, corn, rice, tobacco, or any other commodity during the base period, as provided in (2) (a) above, shall be the base price for any such commodity.

"(3) The 'parity' price for cotton, wheat, corn, rice, tobacco, or any other commodity as provided herein shall be calculated at any given time by using the all-commodity index number as ascertained by the Bureau of Labor Statistics and by multiplying the base price of any commodity by the said index number the product ascertained will be the parity price for such commodity."

(4) The provisions of said section 301 as amended herein with respect to farm commodities shall be administered by the Secretary of Agriculture and with respect to all other commodities the provisions of said section shall be administered by the Secretary of Commerce, and the parity prices for the base agricultural products shall be calculated and publicly announced at least once during each calendar month of each year: *Provided*, That each said Secretary is hereby authorized to adjust the parity price of any commodity falling under his respective jurisdiction as to staple, grade, location, and quality: *Provided further*, That prior to the announcement of the parity price on any commodity when (a) it appears that facts are not available for determining the base price, or (b) because of changed conditions the base price is, in the judgment of the Secretary having jurisdiction, not a fair, just, and equitable price, then such Secretary is authorized, after public hearings, to adjust such base price, either up or down, as the facts may warrant, in order to give a fair, just, and equitable parity price to such commodity.

(5) The Administrator, as provided in this act, with respect to fixing prices on and for any commodity, farm, industrial, or otherwise, shall be governed at all times by the parity price of such commodity as calculated and publicly announced by the Secretary of Agriculture or by the Secretary of Commerce, as provided herein: *Provided*, That—

(a) The Administrator is authorized to secure from the Secretary of Agriculture or the Secretary of Commerce the average or base price on or for any commodity as provided in this act and is authorized to secure from the Department of Labor the current index

number as defined herein and may calculate, as provided herein, and announce the parity price of or for any commodity at any time.

(b) The Administrator is not authorized to and shall not fix a price on or for any commodity at any time at a figure below the parity price of such commodity calculated and determined as provided herein.

(c) When the current market price of any commodity is (1) at parity or (2) is within five points below parity, the Administrator is authorized to consider, determine, and fix a price for or on such commodity, as provided herein and to make such order or orders, and to take such action as may be necessary to fix and stabilize such price on or for such commodity until modified or rescinded by an appropriate order as provided by this act.

(d) Upon the approval of this act the Administrator is authorized to consider the current price of any commodity and if he finds that such price is above parity as provided herein, he is authorized to investigate such price and if he finds, upon such investigation, that such current price is unwarranted, unjust, and indefensible, then after such a finding he is hereby authorized to fix a price on and for such commodity which will bring such price to a fair and just relationship with the other prices in our domestic economy.

(e) With respect to the price of any commodity of which we have a surplus and so long as such price of such commodity does not reach within five points (percent) of parity as provided herein, the Administrator is without authority to act.

(f) The Administrator shall not fix a price on or for any byproduct, processed article, finished product, or similar or comparable commodity, or on any byproduct, finished product, or similar product, either made or derived from such similar or comparable commodity, which will have the effect of reducing the price of any other commodity below the current parity price for such commodity.

(g) Any order made by the Administrator fixing any price on or for any commodity, or article, at a higher or lower figure than the limits authorized by this act shall be null and void.

Mr. THOMAS of Oklahoma. In addition to the amendment which I now offer, I ask to have printed, immediately following the text of the amendment, an explanation of how parity price is arrived at.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

DEFINITION OF PARITY PRICE

The parity price of any farm commodity is that price which will give to such commodity a value or purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of such commodity in the base period.

BASE PERIOD

The base period is the 10-year period from 1919 to 1929. This period is suggested because it is the most recent period of a free farm economy. The depression came in October 1929 and since that time our farm economy has been controlled.

The period now being used—1909–1914—is considered too remote as conditions and prices have changed materially since that time. That period, 1909–1914, has been designated by responsible authorities as the horse-and-buggy era.

BASE PRICE

The base price for any farm product is the average price of such product during the 10-year base period, 1919–1929. The average price of cotton as defined in the formula was approximately 22.7 cents per pound. During

that period the average price of No. 1 wheat was \$1.57 per bushel, and the average price for corn was 92.3 cents per bushel.

PARITY PRICE

To arrive at the parity price of any farm product we must determine the relationship of such price to the prices of the things which farmers must purchase.

Under the suggested formula the parity price of any given farm commodity is determined by the relationship existing between the base price of such product and the all-commodity index number prepared and issued each week by the Department of Labor.

During the base period (1919–29) this index number was the most stable in our entire history, and during such period the average of such index number was 103.

In 1926 such index number stood at 100, indicating that during said year all groups of commodities that farmers have to buy, such as foods, hides and leather, textiles, fuel and lighting, metals and metal products, building materials and chemicals, house furnishings, farm products, and miscellaneous items, were on a 100-percent relationship with each other.

By using the all-commodity index number of 100 we conclude that when such number is below 100, prices are lower than they were in 1926, and conversely, when such number is above 100, then prices are higher than they were in said year.

On December 13, 1941, the said index number was 93.1, hence prices at that time were 6.9 percent lower than they were in 1926.

Under the suggested formula, the parity price of any farm product may be determined at any time by two simple calculations, as follows:

First, from the statistics in the Agricultural Department the average price of farm products may be arrived at and such average price will be the base price for any such product; and

Second, by multiplying such base or average price by the all-commodity index number, which is announced weekly by the Department of Labor, the product of such calculation will be the parity price at any given time for such product.

EXAMPLES

Cotton

Under the formula the parity price for cotton is determined as follows:

If the base or average price for cotton is 22.7 cents per pound, then by multiplying 22.7 by 93.1, the latest index number, we find the present parity price at 21.13.

Wheat

The parity price for wheat is determined as follows:

If the base or average price for wheat is \$1.57 per bushel, then by multiplying \$1.57 by 93.1, the latest index number, we find the present parity price at \$1.46.

Corn

The parity price for corn is determined as follows:

If the base or average price for corn is 92.3 cents per bushel, then by multiplying 92.3 by 93.1, the latest index number, we find the present parity price at \$0.859.

NOTE.—At the present time prices are rising and as they rise the all-commodity index number will rise, so that when such number reaches 100 the parity price for any farm commodity will be the average price of such product during the base period (1919–29). It should be conceded by all that farmers are entitled to have full parity prices for all agricultural products and that when full parity is attained then it should be the policy of the Government to maintain such full parity prices for farm products as nearly as is humanly possible.

Mr. THOMAS of Oklahoma. Mr. President, because of the importance of this

measure, I presume to take some little time—not very much—to speak for one group that to date has been overlooked. I may have misunderstood yesterday; but if I did not misunderstand the language of the Senator from Michigan [Mr. BROWN], who is in charge of the pending bill, I understood him to say that it is essentially a consumers' bill. If I am in error in my interpretation of his language used yesterday, I shall be very glad to pause for a correction. Hearing no correction, I assume that the bill is a consumers' bill. I wonder what part the producers are to play in the immediate future—next month, next year, or so long as the bill shall be upon the statute books.

Mr. President, I approach this subject in sympathy with the viewpoint that has been expressed. I realize that unless something is done, prices may rise very high. I remember very well, years ago, when prices were skyrocketing. I remember that cotton sold for 44 cents a pound, and that other farm products sold at high prices. I remember when industrial products sold for very high prices; and with the stimulation we had 20 years ago of only a small part of the national debt we now have, if we found the high prices then to be the result of the debt and the plentifulness of money and credit, with the present condition I can foresee the need for something along the line of price control.

When the war was over, 20 years ago, the national debt was only \$26,000,000,000. I say "only \$26,000,000,000" because now we have been in the war for a month, and the national debt is almost \$60,000,000,000 and only a small part of the appropriations which have been made by Congress have been expended. When the appropriations which the Congress has already made shall have been expended, the total national debt will approach \$100,000,000,000.

Yesterday the President sent his new Budget message to the Congress. If I remember correctly, the Budget calls for an outlay for the coming fiscal year 1942–43 of a sum in excess of \$55,000,000,000; and, if I do not misinterpret the Budget message, it is hoped to raise only a relatively small part of that sum by taxation for the next year; so that at the end of the next fiscal year, if things go along as we plan them, we shall have a deficit of thirty-odd billion dollars to add to the appropriations we have already made. If my figures are approximately correct, if the national debt when we make the expenditures now authorized totals \$100,000,000,000, then we now can foresee, in 12 months from now or thereabouts, a total national debt of over \$130,000,000,000. I can foresee that if a debt of \$26,000,000,000 in the first World War brought about the occasion for rising prices and high prices, when this gigantic sum shall have been expended there will be additional reason for still higher prices than prevailed 20 years ago. For that reason, I say, I am not adverse to looking upon this proposal with a sympathetic attitude; and, believing that nothing is perfect, believing that no one person knows very much, but that many persons know a great deal, it occurs to me that this bill might be improved by

some amendments. I propose an amendment which, in my opinion, will improve the measure.

This amendment, as I verily believe, will fill the specifications just enunciated on this floor by the distinguished Senator from Georgia [Mr. GEORGE]. He has not had a chance to consider the amendment; but before the amendment is finally proposed for a vote it may be a little more clear to the Members of the Senate.

Mr. President, I have here a number of charts which I shall place in the Record and explain briefly.

The first chart contains a quotation from the President. On July 5, 1938, President Roosevelt sent a letter to the members of the Conference on Economic Conditions in the South; and in that letter he said:

It is my conviction that—

Then I quote the remainder of the sentence on the chart—

the South presents right now the Nation's No. 1 economic problem—the Nation's problem; not merely the South's.

Mr. President, there is foundation for that statement, and I wonder why. Why did the President of the United States find it proper to make the statement that the South presented the Nation's No. 1 economic problem?

The next chart will show my interpretation of why the President made that statement. I make the statement now, and I shall demonstrate in a moment, that when cotton sells for 10 cents a pound, the laborer who produces the cotton receives less than 10 cents an hour for his wages.

When cotton sells for 15 cents a pound, and cottonseed sells for \$35 a ton, the laboring man who produces the cotton receives less than 13 cents, or 13 cents an hour, for his labor.

When cotton sells for 20 cents, and cottonseed sells for \$40 a ton, the man who grows the cotton receives 18.3 cents an hour for his wages.

When cotton sells for 25 cents a pound, and cottonseed sells for \$50 a ton, the man who plants the cotton, and chops the cotton, and cultivates the cotton, and picks the cotton, and gins the cotton, and markets it receives the magnificent sum of 24 cents an hour for his labor.

The cotton farmer who receives 30 cents a pound for his lint cotton, and \$60 a ton for his cottonseed, receives but 29.7 cents an hour for his labor in producing the cotton.

When the cotton planter receives 35 cents a pound for his lint cotton, and \$65 a ton for his cottonseed, he receives 35 cents an hour for his work.

When lint cotton sells for 40 cents a pound, and cottonseed sells for \$70 a ton, the man who grows the cotton and the seed receives 40 cents an hour for his work.

Then when cotton sells for 50 cents a pound—it has not sold for that in recent years, if it ever did; in the recent World War 44 cents was the top—when cotton sells for 50 cents a pound, if it should, and cottonseed sells for \$75 a ton, if it should—it has not sold for that yet, but

if it should—the man who raises the cotton and the seed will receive but 50 cents an hour for his work.

Mr. President, the pending bill, if enacted in its present form, will sentence the cotton laborers of the South to a wage schedule of less than 20 cents an hour so long as the law remains upon the statute books. And here I have the proof.

I am glad I have the privilege of addressing some gentlemen who raise cotton.

Mr. TYDINGS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Maryland?

Mr. THOMAS of Oklahoma. I yield.

Mr. TYDINGS. Is the statement made by the Senator that if the bill shall be enacted into law it will sentence the cotton raiser to a wage of 20 cents an hour—

Mr. THOMAS of Oklahoma. Less than 20 cents an hour.

Mr. TYDINGS. Very well. Is that statement based upon the parity which is assumed in the bill?

Mr. THOMAS of Oklahoma. It is.

Mr. TYDINGS. In other words, if the parity provision is adopted, it will mean, as I understand the Senator, less than 20 cents an hour for the cotton producer?

Mr. THOMAS of Oklahoma. That is correct. My State is a cotton-producing State. We can produce a million bales of cotton in my State of Oklahoma. The State of Texas can produce 4,000,000 bales a year, and they usually produce 3,000,000. In my State we are producing about six or seven hundred thousand bales. The price of cotton appeals directly to the citizenship of 11 States in which cotton is produced.

Before I refer to the figures in connection with the production of cotton, what it costs, and what the producers receive, I wish to call attention to the present wage schedule in industry. I am not complaining about this schedule; I am merely putting it before the Senate in order that Senators may see the difference between what the wage earner in industry receives and what is received by the cotton planters on the plantations in the South.

I have a telegram which gives the price ranges now in effect in the building of manufacturing establishments, cantonments, and Army camps. The lowest wage rate now received by unskilled labor for regular time is 30 cents an hour, and it runs up to \$1.10. This information comes from the War Department. The War Department is now paying unskilled labor as low as 30 cents an hour, and the top pay is \$1.10.

At the present time the skilled laborer in industry receives from 80 cents an hour, which is the low rate, ranging up to \$2.25 an hour.

For overtime, which would mean time and a half, unskilled labor receives 30 cents, plus one-half of that, or 45 cents an hour, for such time as they work each day more than the allotted number of hours, which is 8. So that for overtime the unskilled laborer receives from 45 cents an hour to \$1.65 an hour.

At the present time the range for the skilled laborer for overtime is from \$1.20 an hour to \$3.375 an hour.

For double time, which means Sundays and holidays—and now labor is to work nights, as well as Sundays and holidays—the unskilled laborer will receive from 60 cents to \$2.30 an hour, and the skilled laborer will receive from \$1.80 to \$4.50 an hour.

As I have stated, I am not complaining of this wage schedule, but knowing that the men working in industry receive such rates of wage, when the Senate proceeds to pronounce a sentence upon the wage earners in 11 States by fixing their wage rate at less than 20 cents an hour, I cannot remain silent.

Mr. President, I want the cotton planters, those who raise cotton, to check my figures. If Senators cannot see the chart I have displayed here from where they are sitting, I ask them to come nearer so that they can see it. I exhibit a chart to the Senate which shows that the "Cotton price per pound is laborer's wage per hour." The first chart shows cotton selling at 10 cents; and when I refer to cotton, I mean cotton lint. It shows cottonseed selling for \$30 a ton, and when we reflect that there are 2,000 pounds in a ton, it means that the price is 1½ cents a pound.

The man who plants cotton makes a certain number of pounds per acre, and the figures for 1940, as furnished me by the Director of Agricultural Statistics, show that in the 10-year period from 1918 to 1928 the average yield in the South was 162 pounds of lint cotton per acre.

Mr. BARKLEY. The chart says "cottonseed."

Mr. THOMAS of Oklahoma. That is a mistake of the draftsman. I had not seen the chart before it was brought into the Senate. One hundred and sixty-two pounds of cotton lint per acre is the average. If cotton sells for 10 cents a pound, 162 pounds makes the total return from the sale of the lint cotton \$16.20 an acre.

It is estimated that there is twice as much cottonseed as lint in an acre of cotton. So that if an acre produces 162 pounds of lint, it produces double that amount of seed, or 324 pounds. At 1½ cents a pound, which is the rate at \$30 a ton, the total yield from the seed in an acre of cotton is \$4.86. So the total average yield from an acre of cotton in the South, over the 10-year period to which I have referred, was \$21.06.

The expenses come out of that figure. I am talking about the man who produces the cotton. He is called a share cropper in some sections of the country. The landlord, the farmer, lets the share cropper come onto the land. He furnishes him a house, he furnishes him a garden, he furnishes a truck patch, he furnishes the seed, he furnishes the mule or the horse, he furnishes the plow, he furnishes the drill, he furnishes the hoe, he furnishes everything the sharecropper uses.

Mr. McKELLAR. Mr. President, will the Senator from Oklahoma yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. McKELLAR. The Senator is entirely correct in stating that the yield was 162 pounds of lint to the acre in the period to which he refers. Since that time, I think beginning about 1934, a limitation was placed on the number of acres which could be planted, and cotton land has been fertilized to a great extent, with the result that the average yield now, under the impetus given by the Government, is 205 pounds an acre. It has risen.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. TYDINGS. Did the Senator say that 205 pounds of cotton is the average amount produced per acre now?

Mr. McKELLAR. Yes.

Mr. TYDINGS. Will the Senator give us the return per acre on that amount?

Mr. THOMAS of Oklahoma. Mr. President, in order that the record may be complete I will say that the average return from an acre is 162 pounds of lint and 324 pounds of seed, making a total return of seed and cotton the sum of those two figures, which would be 486 pounds.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. RUSSELL. Of course, land which will produce one bale of cotton to the acre is most exceptional. If as much as two bales of cotton is ever produced to an acre of land, farmers will ride for miles around to see such cotton land. It is practically a manure bed, and it costs so much that the expenses of production will eat up the increased production of the land.

I hope the Senator from Oklahoma will make clear also that, in addition to the low income he is now stressing, since the period of which he talks approximately 16,000,000 acres of cotton have been taken out of production, and production has been reduced to that extent. The average cotton farmer today, as I recall the figures—I am not sure I am correct—is only permitted to plant between 3 and 4 acres of cotton. He cannot plant simply as much as he pleases. He gets \$21.06 an acre, or whatever amount he may obtain for his crop, but there is a strict limitation placed on the acreage which he is entitled to plant; and my recollection is that the farmer throughout the South is permitted to plant between 3 and 4 acres of cotton.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. TYDINGS. Will the Senator give us the figures as developed by the Senator from Tennessee and himself as to the production of cotton as of more recent years?

Mr. THOMAS of Oklahoma. Production has been increased from 162 pounds of lint cotton per acre to 205 pounds per acre, with a corresponding increase in the amount of seed. The cotton boll represents one-third cotton lint and two-thirds seed.

Mr. TYDINGS. Taking the average price which the farmer has been getting for cotton and for seed in the last 5 or

6 or 7 years, how much would the figure in the right-hand column then be?

Mr. THOMAS of Oklahoma. I shall come to that in my discussion of another chart.

Mr. President, when we began to restrict the production of cotton, of course the farmers who could not plant all they wanted to, wanted to raise all the cotton they could on the land which was available to them. The administration measure did not limit the cotton planter to raising so many bales of cotton, or so many bushels of wheat, or so many bushels of corn. It placed so many acres at his disposal, and the farmer who had good soil to start with, through good cultivation and the use of fertilizer, intensified his cultivation, and did all he could to raise as much cotton as possible. For that reason the average has gone up from 162 pounds of lint cotton produced 20 years ago or 10 years ago, to more recently 205 pounds per acre.

Mr. President, all that has come from 1 acre of land in 1 year during the 10-year period is \$21.06.

Mr. O'DANIEL. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. O'DANIEL. In figuring the 205 pounds per acre is the actual acreage planted taken into consideration, or the actual acreage owned by the farmer, all of which he is not permitted to plant?

Mr. THOMAS of Oklahoma. The acreage planted is considered.

Mr. O'DANIEL. But he has all the other acres at his disposal, some of which are not planted.

Mr. THOMAS of Oklahoma. That is correct, but all a farmer gets from an acre is \$21.06.

I will now show the expenses. The ginning of 162 pounds of cotton on the average costs \$2. The cost of ginning runs from \$5 up to \$7 or \$8 a bale. I have taken an average of \$6. One hundred and sixty-two pounds being approximately one-third of a bale, if it costs \$6 to gin a bale, it would cost \$2 to gin 162 pounds of cotton.

The next item is fertilizer. In some sections farmers must use fertilizer, and use it extensively. In some sections it is not necessary to use so much. But it costs, on the average, for fertilizer \$2.93 per acre. That statement comes from the Bureau of Agricultural Economics.

The next item is miscellaneous expenses, including poison. Farmers must use poison in the production of cotton. They must apply the poison at different times in order to kill the chinch bug, the army worm, the boll weevil, and the other pests that infest cotton. The cost of poison runs up to about \$2 an acre, when it is used. Other expenses—and these figures also come from the Bureau of Agricultural Economics—aggregate \$1.70, so the total of miscellaneous expenses amounts to \$3.70.

The total cost for ginning, fertilizer, and miscellaneous expenses, therefore, is \$7.73.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. McKELLAR. I wanted to ask the Senator if it is not true also that fer-

tilizer is virtually a necessity in the greater part of the cotton lands of our country? For instance, what are known as uplands have to be fertilized in order to make anything at all out of the crop of cotton.

Mr. THOMAS of Oklahoma. The Senator is exactly correct. So the total expense, as I said, is \$7.73 per acre. That is the average expense per acre, and the figures, as I have said, are obtained from the Bureau of Agricultural Economics.

When the landlord takes the bale of cotton to market to sell it for the tenant, he cashes the check and takes out one-half of the expenses from the sharecropper. So, to find out how that figures out, we take \$7.73 from the \$21.06 and it leaves a net return from the sale of cotton from 1 acre of \$13.33. That is what is left after the expenses are paid. Then the landlord gets his one-half, or \$6.66. The laborer who produced the cotton gets his one-half, or \$6.66. Dividing \$6.66 by 85, the estimate of the number of man-hours it takes to produce an acre of cotton during the summer, we get the laborer's share, \$.078 per hour.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. TYDINGS. I notice that, apparently, without including anything for taxes or insurance on the chart which the Senator has just explained, the landlord would receive \$6.66 an acre clear. The only expenses against it would be taxes and insurance.

Mr. THOMAS of Oklahoma. Of course, the landlord pays the taxes and furnishes all the machinery. He feeds the horses and keeps the machinery in repair, unless the expense should be unusual, in which event he might tax part of it against the sharecropper.

Mr. TYDINGS. I was about to ask the Senator whether he can give us an idea what, if anything, the landlord would have left out of his half after the other expenses were paid.

Mr. THOMAS of Oklahoma. If the sharecropper, on the average, had 10 acres of cotton land, and if he had a net return of \$6.66 for 1 acre, he would receive a total return from the 10 acres, for the summer's crop, of \$66.60. He would have to pay his grocery bill, clothing bill, medical bill, hospital bill, and whatever other bills he might have.

Mr. TYDINGS. I was not referring to the sharecropper. I was referring to the landlord. What the sharecropper would receive is plain; but the landlord would have other expenses which the Senator has not shown.

Mr. THOMAS of Oklahoma. Yes. I am not speaking from the standpoint of the landlord. I am speaking from the standpoint of the man who works in the production of cotton, as distinguished from the men who work in industry and receive from 30 cents to \$2.25 an hour.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. McKELLAR. The Senator is talking about the man who labors in the field.

Mr. THOMAS of Oklahoma. He is the one about whom I am talking.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. LUCAS. What is the average acreage of the crop grown by the sharecropper? How many acres would the average sharecropper take care of during the season?

Mr. THOMAS of Oklahoma. That depends, of course, upon the landlord. If he were a landlord with a vast acreage he might assign to the sharecropper as much as he could cultivate.

Mr. LUCAS. I appreciate that. I was wondering if the Senator had any figure as to the average.

Mr. THOMAS of Oklahoma. From 20 to 25 acres is a pretty good crop for a man and a mule. Raising cotton is pretty hard work. There are no regular hours.

Mr. LUCAS. All farming is pretty hard work. I was interested in knowing what the average sharecropper would receive, and what the average landlord would receive, on the basis of the figures on the Senator's chart.

Mr. THOMAS of Oklahoma. As I have just stated, if the sharecropper had a 10-acre crop he would have a total return for his summer's work of ten times \$6.66, which would be \$66.60. That would be the total return to the man for himself and his wife, if he had a wife, and his children, if he had children.

Mr. LUCAS. How do those folks live?

Mr. THOMAS of Oklahoma. They do not live. They merely exist. If the Senator could see the way they live I am sure he would be appalled. They live wherever they can. Many live in tents. Some of the landlords furnish as good houses as they can afford. In many instances there is no floor in the house. Often there is little, if any, furniture. There must be some. It depends, of course, upon the landlord, and upon the sharecropper's economic status when he moves on the farm.

The Senator from Georgia [Mr. Russell] is more familiar with this matter than am I. I should like to ask him how many acres of cotton a man and a mule can tend, on the average.

Mr. RUSSELL. That has varied considerably in recent years. The allotment system now in effect has brought down the average acreage planted to cotton from about forty million to twenty-six million acres.

Mr. THOMAS of Oklahoma. It has been reduced to 23 million. There was a reduction of one-third during the past year.

Mr. RUSSELL. That is correct. I was thinking of the average over a 5-year period. I should say that if a tenant could plant as much as 10 acres of cotton he would be very well off, indeed. It depends on the section of the country. In Texas and Oklahoma the average tenant cultivates a great deal more, and does not make as much per acre as he would make in the Mississippi Delta. In my State I should say that a 10-acre allotment for a tenant farmer or sharecropper would be a little larger than the average. I do not have the figures; but I know that 10 acres is considered a pretty good allotment to a 1-horse farmer.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. McKELLAR. I think the number of acres cultivated by the tenant farmer is larger, on the average, than 10 acres. I know of many farmers—as we speak of it, "a hand and a mule," or a laborer and a mule—who can work about 20 acres of land.

Mr. THOMAS of Oklahoma. Mr. President, a moment ago I made the statement that if the pending bill should pass in its present form it would sentence the cotton laborers in the South to a permanent wage scale of 15 cents an hour during the time the law should remain on the statute books. Let me give the prices upon which I base that statement.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. LUCAS. Fifteen cents an hour would be 8 cents more than they have been receiving, according to the chart which the Senator has presented.

Mr. THOMAS of Oklahoma. Yes; that is true, if that can be called an improvement.

Mr. LUCAS. It would be practically double what they have been receiving.

Mr. THOMAS of Oklahoma. That is true.

The bill fixes the base as of October 1 to October 15, 1941.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BARKLEY. For my own information, let me ask the Senator what type of land he is talking about. What is the market price of the land which produces the average amount of cotton of which the Senator speaks?

Mr. THOMAS of Oklahoma. The average is based upon some very productive irrigated land, which is worth \$200 to \$300 an acre, and perhaps more, as well as upon some very cheap land.

Mr. BARKLEY. In Georgia, Alabama, and Mississippi, which are typical Southern States, what would the land producing the amount of cotton which is the basis for the Senator's average be worth an acre?

Mr. THOMAS of Oklahoma. I cannot speak for the other States, but in my own State land which produces cotton on the basis of 162 pounds to the acre would sell at from \$15 to \$25 an acre—somewhere in that range.

Mr. President, the bill fixes the base as of the period from October 1 to October 15, 1941. The Administrator may say, "Congress gave me my orders. I must fix a ceiling on cotton and cotton products on the basis of the prices on October 1, 1941." On that date cotton was selling for 17.11 cents a pound, or \$17.11 a hundred pounds.

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BREWSTER. The Senator made the statement that on the basis of his figures the return to the sharecropper is 8 cents an hour. Does the Senator predicate that statement upon the Price

Administrator not exceeding the limits mentioned in the bill?

Mr. THOMAS of Oklahoma. Mr. President, if prices should go up all along the line the parity price would go up, which would give the Administrator the right to raise the price of cotton, but he has a double ceiling. He has the ceiling of 110 percent of parity, and the ceiling represented by prices as of October 1, 1941.

Mr. BREWSTER. As I understand, that is not a ceiling, but is rather a floor. Is not that correct?

Mr. THOMAS of Oklahoma. I disagree with the Senator.

Mr. BREWSTER. Is not the language of the bill clear?

Mr. THOMAS of Oklahoma. No; I understand that he may not put the price above that ceiling.

Mr. BARKLEY. That is a mistake. He may not put it below that floor.

Mr. BROWN. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BROWN. The Senator from Maine has the matter clearly in mind. I have tried all along to point out that this limitation is a floor, and not a ceiling.

The Senator spoke about the bill being a consumers' bill. Of course, we are all consumers. The laborer on the farm, about whom the Senator is talking, is a consumer. The bill is primarily intended to protect consumers; but in the first section of the bill will be found language which indicates that it is also a bill to encourage production. If it is necessary to raise the price of cotton and provide a higher ceiling, or a higher floor, if we want to put it that way, for the purpose of encouraging the production of cotton, as was said many times yesterday, not only with regard to cotton, but any other commodity, the Administrator may permit the price to go very much higher than 110 percent of parity, and very much higher than the October 1 standard laid down in the bill. Putting it concretely, he might permit the price to go to 30 cents, for example, if that were necessary to encourage production.

Mr. THOMAS of Oklahoma. Mr. President, I have been reading the hearings before the two committees, and I have reached the very definite conviction that the present Price Administrator is trying to keep prices down, rather than trying to get prices up. Does not the Senator agree with me in my contention?

Mr. BROWN. The Price Administrator is directed by the terms of the bill to maintain the relationships between prices as they were during the period from October 1 to October 15, 1941.

Mr. THOMAS of Oklahoma. Mr. President, that is what I think he will do; and that is what I think he will construe to be his duty if the bill passes in its present form. Believing that he will construe it to be his duty, I am against the limitation.

At some place in the hearings I have read that Mr. Henderson said or is quoted as saying that after this emergency is over we must go back to a low-price basis. Mr. President, I cannot agree with such a

contention. At this moment we are still in deflation. Of course, that statement brings on the argument and question, What is deflation? On this floor 10 years ago we debated the question of deflation, and we all agreed that we had deflation, that prices were too low, and that the buying power of the dollar was too high; and in numerous bills we took steps to increase prices. We authorized the plowing up of cotton so as to make cotton scarce and make the price high. We authorized the plowing up of wheat so as to make wheat scarce and its price high. We did not authorize the killing of pigs, but pigs were killed to make pigs scarce, to make the price of bacon high. If we were in deflation then, when did deflation end? Has it ended yet? Has inflation begun as yet?

I pause for reply. Does any Senator think that inflation has yet begun?

I have read the hearings; and, so far as I can recall, the witnesses all say that inflation has not yet begun but that it is coming and that we should be ready for it.

That is my viewpoint. Inflation is coming; and I am willing to go along and to provide certain curbs, if that can be done in a proper way. I follow the principle set down by the Senator from Georgia, as I shall explain a little later.

It is my contention that America is still in deflation. Does any Senator say that prices are now too high? I pause for reply.

Mr. BROWN. Mr. President, will the Senator yield to me?

Mr. THOMAS of Oklahoma. I yield.

Mr. BROWN. I decline to be bound by statements which the Senator makes from time to time in asking for an immediate reply to all the theories he is expounding at the present time; and I desire to serve notice that my failure to rise every time he asks a question upon that subject is by no means an assent to the argument or the statement he is making.

Mr. THOMAS of Oklahoma. I thought perhaps some Senator would be willing to rise and say that prices are now too high, or that the price of a particular commodity is too high. Does any Senator know of the price of anything that is too high today? I pause for reply.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield to the Senator from Kentucky.

Mr. BARKLEY. I do not think that the prices of farm products are now too high. Of course, it is easy to ask a mass question, and to say, "If any Senator wishes to dispute it, let him rise." I do not think that any Senator who does not rise under those circumstances necessarily should be bound by the implication that he agrees to everything that is said. But I should at least say that prices are not in deflation as compared to what they were in 1939.

Mr. THOMAS of Oklahoma. I agree 100 percent with that statement.

Mr. BARKLEY. I have before me a table which shows what has happened to farm prices, and still I do not think they are too high. Using August 1939—immediately before the war—as a basis of

100 percent, by May 1940 farm prices had gone up to 111 percent; by March 1941 they had gone up to 117 percent; by November 1941 they had gone up to 153 percent; and by December 1941 they had gone up to 172 percent.

Mr. THOMAS of Oklahoma. Mr. President, those figures are based on the low-price level that existed when we started our deflationary release.

Mr. BARKLEY. No; not at all. The figures are based on August 1939, and not on the deflationary period from 1929 up to 1935 and 1936. I am not even by inference suggesting that at 172 the prices are too high; but the Senator cannot claim that there is deflation when prices have gone up 72 percent since August 1939.

Mr. THOMAS of Oklahoma. I admit that prices have been rising—much to my gratification.

Mr. BARKLEY. And mine also.

Mr. THOMAS of Oklahoma. I have been arguing for 15 years upon this floor for the very thing that now is happening.

Mr. BARKLEY. I thought the Senator said that farm prices are still being deflated.

Mr. THOMAS of Oklahoma. No; I did not intend to say that.

Mr. BARKLEY. Then, I misunderstood the Senator.

Mr. THOMAS of Oklahoma. I said we are still in deflation.

Mr. BARKLEY. We are still in deflation as compared with the prices of 1920, which were prices following the first World War.

Mr. THOMAS of Oklahoma. I agree with the Senator. If we were in deflation in 1932 and 1933, when did we get out of deflation, and when did we enter a period of stability—which would be a neutral period—or when did we enter inflation? I contend that we are now in deflation, and will remain there until the price level reaches 100. It has not yet reached that point.

Mr. HOLMAN. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. HOLMAN. In support of the statement the Senator made about our still being in deflation, I remark that the purchasing power of the dollar, as determined by the Bureau of Labor Statistics in a comparison of the prices of over a thousand articles in daily commerce, is, according to the latest report I have received and which came to me during last week, \$1.064.

Mr. THOMAS of Oklahoma. I have the figures before me. Today the dollar has a buying power of \$1.06, as determined on the basis of the prices of over 900 commodities. Today a farmer has to raise commodities—corn, wheat, cotton, pigs, calves, milk—on the average to the extent of \$1.06 in order to get a dollar. That means that the price level as of January 3, 3 or 4 days ago, was up only to 94.3.

So at this moment prices are below 100, if the 1926 basis is to be followed, and they must go up 5.7 points before we get to the point where deflation ends and inflation begins.

So I contend that we are now still in deflation. I contend that the bill, if enacted in its present form, would sentence the farmers of America to a period of deflation to that extent, until the legislation is repealed.

Mr. President, I shall go further, and show what I meant a while ago when I said that, in my opinion, the bill, if enacted into law, would sentence the laborers of 11 States to a wage scale of 15½ cents an hour during the time the bill remains on the statute books.

On the 1st of October, cotton sold for 17.11 cents a pound.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. TYDINGS. As I understood the Senator from Tennessee—and I assume that the Senator from Oklahoma agreed with the statement—his statement was that the figures of 162 pounds an acre and 324 pounds an acre had gone up to 205 pounds an acre and 410 pounds an acre, respectively. I was wondering what would be the cash return, as of the present market prices, with those changes.

Mr. THOMAS of Oklahoma. If the Senator will take his pencil and multiply the figure of 205 pounds an acre by the figure for the present price of cotton—

Mr. TYDINGS. What is the present price of cotton?

Mr. THOMAS of Oklahoma. On the 1st of October cotton sold for 17.11 cents a pound. On the basis of a yield of 162 pounds an acre, the total return an acre would be \$27.72.

Mr. TYDINGS. I wanted to ascertain the return on the basis of a production of 205 pounds an acre.

Mr. THOMAS of Oklahoma. If the Senator will substitute the figure 205 for the figure 162, and will make the same computation, he will obtain the comparable figure.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. LUCAS. A moment ago the Senator spoke about the country being in a deflationary period at the present time. Assuming that the prices of cotton, corn, wheat, and other products of agriculture rise to the point established in the bill—110 percent of parity—under those circumstances would we still be in a deflationary period?

Mr. THOMAS of Oklahoma. From my interpretation and from the information I am using. I believe that when prices reach an average of 100 we shall be out of deflation. If we can keep out of deflation, as I understand the Senator from Georgia would like to have done, and if then we can also keep out of inflation, we shall be in a neutral condition, balanced between deflation, on the one hand with lower prices, and, on the other hand, inflation, with higher prices. We shall stabilize at 100 if that can be done; and then we shall not be in either inflation or deflation, from the standpoint I am trying to present to the Senate.

Mr. LUCAS. If we reach a hundred percent of parity, which would stabilize inflation and deflation, as I follow the Senator, it might never be necessary for

the Price Administrator to invoke price control.

Mr. THOMAS of Oklahoma. That is possible.

Mr. LUCAS. Then, I cannot quite follow the Senator's theory with respect to how this bill would do what he says in the event that the Administrator should never exercise his authority.

Mr. THOMAS of Oklahoma. It is my interpretation that if the Price Administrator shall say, "The price level of October 1 is the order I have from Congress; I must stabilize the price at that figure; I must freeze the price at that figure." That price is not up to parity, but he has a double-barreled proposition. He can take either 110 percent of parity or the October 1, 1941, figure.

Mr. BROWN. Mr. President, I must say to the Senator that the Administrator must take the higher of those two figures; he has no choice between the two. If 110 percent of parity is the higher, he must take 110 percent of parity; if the October 1, 1941, market price is the higher floor, he must take that before he can operate on agricultural prices.

Mr. THOMAS of Oklahoma. Very well, Mr. President—

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield to the Senator from Wyoming.

Mr. O'MAHONEY. I am not sure that I can follow the statement made by the Senator from Illinois and the Senator from Michigan in response to what the Senator from Oklahoma has said. Section 3 (a) as reported by the committee specifically says:

Sec. 3. (a) No maximum price shall be established for any agricultural commodity below (1) the market price equivalent to 110 percent of the parity price or comparable price for such commodity, adjusted for grade, location, and seasonal differentials, as determined and published by the Secretary of Agriculture; or (2) the market price prevailing for such commodity on October 1, 1941.

That being the case, the Senator from Oklahoma is absolutely right. The Price Administrator can take either one, and if he decides that he wants to take the lower of the two, there is nothing in the bill to prevent his doing so. If there were included the phrase "whichever is the higher," then, the interpretation of the Senator from Michigan and the Senator from Illinois would be correct; but, since that phrase does not appear, the Senator from Oklahoma is absolutely correct.

Mr. LUCAS. Mr. President, will the Senator from Oklahoma yield to me?

Mr. THOMAS of Oklahoma. I yield to the Senator from Illinois.

Mr. LUCAS. I have read the language of the paragraph, and I certainly want it understood in the way the Senator from Wyoming has expressed it. I have not read the hearings. But my interpretation of that language was in line with what the able Senator from Michigan [Mr. BROWN] has said. In other words—and I hope the Senator from Michigan will listen to this, because it is a very crucial point in this program—if the Price Administrator fixes a price upon either basic commodities or any other

commodities, it must be 110 percent of parity, unless the market price of the product is above parity, and then he has a right to fix it at that price.

Mr. BROWN. The Senator's interpretation is exactly in accord with my own and that of every other member of the committee, and with the report of the committee as found on page 13.

I should like to say to the Senator from Wyoming that I think the language is as plain as language can be, and that the price fixed cannot be below either of the limitations provided. There is no choice between the limitations. The Administrator is bound by the higher limitation that is fixed by the language of the statute that "no maximum price shall be established for any agricultural commodity below the market price equivalent to 110 percent of the parity price" or below "the market price prevailing for such commodity on October 1, 1941."

If Senators feel that the words "whichever is the higher" should be used, I have no objection to that, but I think the language is very plain.

Mr. THOMAS of Oklahoma. I wonder why the limitation of October 1, 1941, is placed in the bill if it is not to serve any useful purpose?

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield to the Senator from Kentucky.

Mr. BARKLEY. If the language was such that the Administrator could make a choice as between 110 percent and the price prevailing on October 1, then he would have the right to select either, but the language is a limitation on his power.

No maximum price shall be established for any agricultural commodity below (1) the market price equivalent to 110 percent * * * ; or (2) the market price prevailing on October 1, 1941.

In other words, the Administrator cannot fix a maximum price below either of those two standards, and whichever the higher is, he cannot go below that. That is the effect of it.

Mr. O'MAHONEY. Mr. President, will the Senator from Oklahoma yield to me?

Mr. THOMAS of Oklahoma. I yield to the Senator from Wyoming.

Mr. O'MAHONEY. If the provision contained the word "either," which the Senator from Kentucky has just now used, there would be no dispute, but the word "either" does not appear there.

Mr. BARKLEY. But the word "or" following the language preceding means that.

Mr. O'MAHONEY. No. Let me give the Senator a specific example. Suppose this language should read as follows:

No maximum price shall be established for any agricultural commodity below 50 or 40.

Obviously it would be possible under that language for the Administrator to put the price at 40, because then he would not be below one of the two standards. If the committee desires to have the bill do what the Senator from Michigan says this language does and what the Senator from Kentucky just now claims for it, it can be simply cured by inserting the

word "either" or inserting the phrase "whichever is the higher"; and certainly nothing would thereby be lost from the viewpoint of the committee.

Mr. BARKLEY. Personally, I have no objection to any language that will clarify it, but I do not think the use of the figures 40 and 50 is quite analogous to this situation.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield to the Senator from Illinois.

Mr. LUCAS. I wish to ask the Senator from Michigan whether the hearing disclosed that any of the basic commodities or by the byproducts thereof showed on October 1 a price above what we call parity?

Mr. BROWN. Yes.

Mr. LUCAS. Is not that the real reason for inserting limitation No. 2 in the bill? In other words, there are certain products selling on the market for above parity, and, rather than penalize any one, the committee saw fit to insert in the bill the provision as to the market price, a price which may be above parity; so that the Price Administrator may not fix a price for those products whose ceiling was above parity on October 1 at a lower figure.

Mr. BROWN. I can bear out the Senator's statement by actual figures. One hundred and ten percent of parity is higher in the case of these important commodities: Wheat, corn, cotton, hogs, and butterfats. The October 1, 1941, limitation is higher in the case of cottonseed, as to which the difference is that between \$35 a ton and \$50 a ton; and the October 1 limitation is higher in the case of beef cattle, where the difference is that between \$8.25 and \$9.27; and on veal calves, where the difference is that between \$10.69 and \$11.20.

In our report, so that there may be no question whatever in the mind of any person, we say this:

We therefore recommend that the powers of the Administrator be limited in this respect—

That is, respecting the price of agricultural products below which he may not go—

in that no maximum price shall be established for any agricultural commodity below (1) the market price equivalent to 110 percent of the parity price of that commodity, or (2) the price of that commodity on October 1, 1941. These are floors below which maximum prices may not be fixed. They are not ceilings. The Administrator may thus establish maximum prices for agricultural commodities above the higher of the market prices therefor specified in the bill.

Because it is the intent of everybody concerned with this subject matter, I have not the slightest objection to saying here that the meaning and intent of section 3 is that the Administrator is bound by whichever is the higher of these limitations.

Mr. THOMAS of Oklahoma. That statement must go in the bill if that is the intention. It is not in the bill now, as I interpret it.

The statement was made yesterday that farm prices now are approximately

at parity. Was not that statement made?

Mr. BROWN. I said they were 99 percent of parity.

Mr. THOMAS of Oklahoma. That is approximately parity.

Mr. President, I shall place certain facts in the RECORD and then I shall come back to my chart.

On the 15th of December, 2 weeks ago, the farmers were receiving \$1.022 for their wheat. I am reading from the Agricultural report. The parity price at that time was \$1.272.

The farmers were receiving for their corn at that time, December 15, 66.9 cents per bushel. The parity price on that date was 92.41 cents.

They were receiving for their oats at that time 45.2 cents per bushel. The parity price was 57.5 cents.

I will pick out some items which are more common.

For cotton, for example, the farmers were receiving on December 15, 1941, 16.23 cents per pound. The parity price on that date was 17.86 cents per pound, more than \$5 a bale less than parity.

There are only a few commodities which are now at parity. While I am on that point, I might just as well place them in the RECORD. I am still quoting from the statistics of the Bureau of Agricultural Economics of the Agricultural Department, which is charged with preparing statistics. November 29 is the date of the last copy I have. They divide farm commodities by groups, and divide industrial commodities by groups. At that time, November 29, 1941, the all-commodity index was 92.3.

Mr. BROWN. Mr. President, will the Senator yield at that point?

Mr. THOMAS of Oklahoma. Yes.

Mr. BROWN. I do not think there ought to be any dispute between the Senator and me as to the facts. I have exactly the same document, I think, that he has. He has read the commodities which on December 15, 1941, were below parity. I was reliably informed by witnesses at the hearings that on or about December 10 we were about 94 percent of parity, and in the period from that time up to yesterday, when I made my statement, the figures have come up about 5 points, to 99 percent of parity. But since the Senator has read the products which are below parity, I shall read a few that were above parity as of December 15:

Rice, 122 percent of parity.

Cottonseed, 137 percent of parity.

Beef cattle, 125 percent of parity.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. O'MAHONEY. When the Senator refers to beef cattle it naturally brings me to my feet because again it must be emphasized that the parity price for beef cattle—for livestock—is an extraordinarily low price.

Mr. BROWN. That is not the first time I have heard the Senator say that.

Mr. O'MAHONEY. The Senator agrees with the statement, I am sure. Of course, in selecting an arbitrary base period, 1910 to 1914, it was inevitable that in the cases of some commodities the

prices should be unusually low. The facts are that livestock prices and wool prices during that period, 1910 to 1914, were extraordinarily low. The producers at that time were operating at a loss, so that 100 percent of parity or 110 percent of parity does no justice to the producers of those commodities.

Mr. BROWN. I was about to say that wool was 140.5 percent of parity; but since the Senator has mentioned that subject, I shall not mention it.

Mr. THOMAS of Oklahoma. Mr. President, I shall finish with the chart that I am now exhibiting to the Senate. I shall give now the figures as to what the laborer will receive for his labor when cotton is selling for the price fixed in the bill.

The price of cotton on October 1, 1941, was 17.11 cents per pound; 162 pounds at 17.11 cents per pound makes a total return for the lint cotton of \$27.71; 324 pounds of seed at \$40 per ton makes the total return for cottonseed \$6.48. I am not now referring to the chart before the Senate. I am reading from a slip which contains some figures as to the present price of cotton, where I think it will be frozen if the bill passes in its present form. So under the bill the Administrator, in my judgment, may freeze the price of cotton as of the date of October 1, 1941. At that time cotton was selling for 17 cents plus—a total return of \$34.19 per acre.

Mr. BROWN. Mr. President, I say that the lowest figure that the Administrator could establish would be \$19.65, which is about 2 cents above the present price.

Mr. THOMAS of Oklahoma. At a later time we shall try to get an amendment to the text to effectuate that understanding. That is not my understanding of the reading of the text of the bill as it is now written.

If the return per acre, as I have indicated, is \$34.19, then the expenses per acre—ginning \$2, fertilizer \$2.03, miscellaneous \$3.70—make a total of \$7.73, which, taken from the total return of \$34.19, leaves a net of \$26.46. Of that sum, the landlord gets one-half, in the sum of \$13.23, and the laborer gets one-half, in a like sum of \$13.23. Then if it takes 85 hours of human labor to produce an acre of cotton, we divide the total return that the laborer receives from his acre by 85, and we find that the laborer who grew the cotton made the magnificent sum of 15½ cents per hour during the 85 hours that it took him to produce that acre of cotton.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield to the Senator from Georgia.

Mr. RUSSELL. There was some controversy a few moments ago as to the approximate average allotment per farm family producing cotton. I stated that, in my opinion, in my own State 10 acres was larger than the average allotment; so that an authentic statement may appear in the RECORD, I went to the telephone and called the Agricultural Adjustment Administration, and I find that the average per farm family of the entire Cotton Belt is slightly less than 10 acres

allotment for each farm family. Of course in the Southeastern States, such as Georgia and South Carolina and Alabama, it is considerably less than that, because the average acreage cultivated per farm family in Texas and the Western States is considerably larger than the acreage cultivated in the Southeastern States.

Mr. THOMAS of Oklahoma. I thank the Senator for his contribution.

Mr. BILBO. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield to the Senator from Mississippi.

Mr. BILBO. In confirmation of the Senator's statement, if I may be pardoned a personal reference, I have in cultivation 855 acres, with an allotment of only 125 acres of cotton, and 20 tenants, which gives them about 6 acres apiece.

Mr. THOMAS of Oklahoma. Mr. President, I said a little while ago that when cotton sells for 20 cents a pound, and seed sells for \$40 a ton, the cotton laborer gets the sum of 18.3 cents per hour for his work.

That is made up from the following figures. One hundred and sixty-two pounds at 20 cents a pound make a total of \$32.40. Three hundred and twenty-four pounds of seed at the rate of \$40 a ton, or 2 cents a pound, would be \$6.48, or a total return of \$38.88 for the entire acre.

Using the same expenses I have heretofore employed, cost of ginning is no more for a bale of cotton when it is selling for \$100 a bale than when it is selling for \$25 a bale. It costs the same amount to gin a \$200 bale of cotton as a \$100 bale. So the cost of ginning is the same, the cost of fertilizer is the same, and the cost of the poison needed is the same. Some years more poison is needed than in other years. The average expense is \$7.73.

Subtracting the expenses from the total returns, we find that the net return is \$31.15. The landlord gets one-half, or \$15.77, and the laborer gets one-half, or \$15.77. Divide the laborer's share by 85, the number of man-hours to produce the bale of cotton, and the result is 18.3 cents an hour.

There is the same ratio right on through. It is immaterial what the cotton sells for. It can sell for 50 cents a pound, and the laboring man gets only 50 cents an hour for his work. The formula is universally correct. With lower prices, he does not make as much as when the cotton sells for a higher price. With higher prices, 35, 40, 45 cents, the return is practically cent for cent. So, if cotton should sell for 50 cents a pound, as it has not done in my time, the man who grows cotton should receive 50 cents an hour.

Now I wish to call the attention of Senators to parity. The bill refers to parity. We have been dealing with parity for 10 years. I think it was first referred to in the law of 1933. Parity was not mentioned then specifically, but the base period was mentioned, and the base period was fixed in the law of 1933 as the years 1919 to 1929.

There was no parity figure at that time. In the law of 1938 we undertook to define parity, and authorized the Department of Agriculture to work out parity prices on farm commodities, and in that law we

changed the base period from 1919-29 to 1909-14, putting it back almost 20 years. I wonder why that change was made. It was not made as to tobacco; it was not made as to potatoes; but as to cotton and wheat and corn the base period was thrown back from 1919-29 to 1909-14.

In the year 1909 the dollar had a value of \$1.479, and the price level was 67.6 cents, a very low figure.

In 1910 the dollar had a value, according to the yardstick with which we used to measure the dollar value, of \$1.42, and the price level was 70.4 cents.

In 1911 the dollar had a value of \$1.541, and the price level was 64.9 cents.

In 1912 the dollar had a value of \$1.447, and the price level was 69.1 cents.

In 1913 the dollar had a value of \$1.433, and the index number was 69.8.

The dollar had a value of \$1.468 in 1914, and the price level was 68.1 cents.

In other words, the average value of the dollar in that period was \$1.464, and the average price level was 68.3.

I do not know why the base period was shoved back to 1909-14, unless the price level in 1919-29 was too high. It was shoved back, and the price level was reduced from about 100 to 68, 32 points below 100, and we are now operating on a price level, as a base, of 68.3 cents.

I am against that base period, Mr. President. If that is a good base period for cotton, why is it not good for tobacco? Someone said, "No, it will not do for tobacco. That is too low for tobacco." If that is a good price level for wheat, why is it not a good price level for potatoes? Someone must have said, "No, the level of 1919-29 is too high for wheat, corn, cotton, and other things. We will put the base period for everything save potatoes and tobacco back to 1909-14." So the level is down 60 points. In order that the present Administrator—and I am referring to the Administrator in the Department of Agriculture—may get prices up to what he says is parity, he has to multiply his base price, the average for any commodity, the average of 4 or 5 years, by 143 percent. That means that the things the farmer has to buy now are 143 percent higher in price than they were in the base period of 1909-14. Yet there is a desire that that base period be retained.

A bill proposing to change the base period from 1909-14 to 1919-29 was introduced in Congress. The committee to which it was referred sent it to the appropriate department, and the Secretary of Agriculture reported adversely on the bill. He does not want the change. He wants to retain the low price level as his base, and he must multiply that low base by 143 percent in order to get prices up to what he says is parity.

The pending bill mentions parity four times in the agricultural section. I wonder if Senators know how we arrive at parity. Does any Senator know how we get the figure of 16 cents plus, as the parity price for cotton? Does any Senator know how we get the figure of \$1.23 as the present parity price of wheat? Does anyone know how we get the figure of the present parity price for corn? If any Senator knows, I will pause for him

to make a statement for the RECORD. The committee did not ascertain it after 3 months of hearings. Gentlemen came before our subcommittee who tried to explain it to us. The formula is not a written one; it is not in writing anywhere, so far as I know. It is not in the statute. The statute does provide that the Department of Agriculture must take the base period 1909-14. Then it provides that the Department of Agriculture must work out parity prices, giving to the various commodities the same buying power today which they had in the base period 1909-14. That means that the man who raises cotton today should have enough money from his pound of cotton to buy as much of comparable goods as he could have bought back in the base period of 1909-14. But is there a Senator present who can make a statement for the RECORD as to how we arrive at the parity price? If there is one, I yield for him to make a statement. As I have said, the pending bill refers to parity four times, and the statute books are full of references to parity. Yet there is no place in any law where parity is defined.

Mr. President, I can state how it is determined. Let us take cotton, for illustration. The Department of Agriculture takes all grades of cotton. How many Senators know the number of grades of cotton? Is there 1 grade of cotton, are there 2 grades, are there 3 grades? There are 130 grades of cotton. That figure may be slightly high, there may be only 128, but there are approximately 130 grades of cotton, and they cover every conceivable kind of cotton.

The Department of Agriculture is presumed to have gotten the price of a certain quantity of each of those 128 or 130 grades of cotton on each day during each of the base years and averaged the price daily, averaged the price of all the grades monthly, and averaged the price yearly, then averaged it for the 6 years. The average price of all the grades of cotton during that 6-year period is the average or base price of cotton as now figured by the Bureau of Agricultural Economics. What is that base price? Does anyone know? It is 12 cents plus.

I have before me a letter from the Bureau of Agricultural Economics dated November 4, 1941, signed by Mr. F. L. Thomsen, principal agricultural economist of the Division of Statistical and Historical Research. In it he says that the average price of cotton during that 6-year period, of all grades of cotton, 128 or 130 of them, was 12.4 cents a pound. That is the base price per pound for cotton. That is the average price of all the grades, all the colors, all the lengths and staples, all the kinds of cotton sold in that base period. That is the average price, and the average price is the base price.

That is not the parity price. The parity price now is about 17.83 cents. How is that figure obtained? We have the base price figured out. I will state how the figure is obtained. There is no law for it; we have nothing except the statement of a concept or a principle. The Department of Agriculture has made up its own index. It has made up an index of approximately 300 commodities. The Bureau of Labor Statistics' index is

made up of 900 commodities, but the Department of Agriculture says the farmer does not buy all those 900 commodities, and that it would not be proper to include all 900 commodities in an index applying to him. The Department figures out that the farmer could at the most buy 267 commodities. So in reaching the index figure, 267 commodities are considered.

Then the Department takes the price of each of those commodities, and adds the prices of the total number of commodities, and divides that grand total by 267, and that is the average, that is its index number. Then by multiplying the base or average price of 12.4 cents by the average of all those commodity prices it gets the average of 143. That is the way the Department of Agriculture arrives at the present parity price.

Mr. President, I am not objecting to that formula. The law provides for its use, and I cannot criticize anyone for using it. I rather compliment those who have used it, because they have done a good job. They must follow the law and must go back to 1909-14, which is the base period.

Mr. BONE. Mr. President—
The PRESIDING OFFICER (Mr. MILLIKIN in the chair). Does the Senator from Oklahoma yield to the Senator from Washington?

Mr. THOMAS of Oklahoma. I yield.
Mr. BONE. I assume the theory is that if cotton were sold for 12 cents a pound, let us say, during the base period, and that the 12 cents realized from the sale of a pound of cotton would buy a certain amount of commodities, then the price at which cotton sells today should be at that point at which it can purchase an exact or equivalent amount of commodities at this time, and thus the parity price of cotton would be established?

Mr. THOMAS of Oklahoma. That is the parity concept. The Senator is entirely correct. My objection to the formula is not that it is not fair. My objection is that it goes back too far. There are now a great many commodities which did not exist during that base period. Who heard of nylon in the period 1909 to 1914?

Mr. BONE. Mr. President, in the whole economic pattern which we have woven for ourselves in recent years, can it be said justly that we can pick out any segment of time and use it as a basis? I am curious about it, because there are so many arbitraries in law. It is necessary to pick out certain standards of human conduct and set up certain human relationships. What segment of time should we select as a basis for computation?

Mr. THOMAS of Oklahoma. The Senator has put his finger on the issue in this case. I am against the base period of 1909-14, because it goes back too far. I am against it because the price level during that period was too low. The dollar then had too low a buying power. That was in the horse-and-buggy days.

Mr. BONE. Does the Senator think that technological changes of necessity should be considered in connection with the great transition which has come

about? Are they not vitally important factors in trying to achieve a fair basis of prices? I should be constrained to believe so myself, but I was wondering what the Senator thinks.

Mr. THOMAS of Oklahoma. Mr. President, I would bring the base period up to as near the present as is possible. The reason I would not take the last 10 years is that the last 10-year period has been one of unnatural control and of subsidized economy. Conditions have not been natural in the last 10 years.

Mr. BONE. In what are sometimes called the roaring twenties, the lush twenties up to the crash in 1929, a somewhat unnatural economic condition confronted us. It is a very confusing pattern, and I wonder what segment of time we should select.

Mr. THOMAS of Oklahoma. Mr. President, I should end the 10-year period comprising the twenties on the 1st day of July 1929. The crash came in October 1929. I should take the 10 years prior to the beginning of that fiscal year, which was the 1st day of July 1929. That period reaches back to July 1, 1919. So I take the last 10-year period of free economy, when the people could do what they pleased; when they could plant all the cotton they cared to plant; when they could sow all the wheat they wanted to sow; when they could do what they wanted to do unhampered and unrestricted. That was the last 10-year period with a free economy we have had in this country. So I suggest to the Senator that we change the base period from 1909-14 to the period beginning July 1, 1919, and ending June 30, 1929, the last 10-year period of free economy.

I do that for this reason. At the beginning of that period some very strong and able men were in control of our finances. This group was controlled and dominated, as I believe, by Governor Strong of the Federal Reserve Bank of New York City. Governor Strong—and the country I think supported him—was of the opinion that we had inflation at the beginning of that period; that prices were too high. There was a general demand that prices be reduced, that the high cost of living be brought down. I think that demand was shared in by everyone. People did not like to pay the high prices they were obliged to pay for goods. They had to pay \$10 or \$12 for shirts, and comparable prices for other commodities. So there seemed to be a general demand that the high cost of living be reduced. Everything is measured by dollars. Governor Strong, understanding, I think, about all that the human mind could understand, proceeded to do the job. It is not necessary for me to relate all he did. He reduced the buying power of the dollar down to the point where he thought it ought to be—100 cents in terms of property.

He did that, beginning with the 4th of March 1921, and during the next 18 months, to the fall of 1922. Then so long as he lived he kept the dollar value approximately at 100 and kept the price level at approximately 100. The price level fluctuated 1 or 2 points a year, or perhaps sometimes 3 points, but when

it began to go up he went to work to get it down. When the price level began to fall he went to work to get it up again. So long as Governor Strong lived, until 1908, he maintained the price level at 100 and the dollar value at 100.

Mr. President, I take that period as the best period I can find in our history. It was the period when we thought we were having fairly good times. It was the period which some people claimed ought to be denominated as the Coolidge era of prosperity. That was the period when we paid the expenses of government and in addition paid off \$1,000,000,000 a year of our war debt.

From the end of the war until 1929 we paid off \$1,000,000,000 a year. In 10 years we paid off \$10,000,000,000 of our indebtedness under that program. During that period, prices were at the level of 100. They were 6 or 7 points higher than they are now. If a price level of 100 back in the Coolidge administration, the latter part of the Harding administration, and the first few months of the Hoover administration enabled the country to pay off \$1,000,000,000 a year on the public debt, I think there are prospects that if we should return to that period and do other things we might do, we might again look forward to the time when we can begin to reduce our war debts.

Mr. BROWN. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. BROWN. The Senator realizes that the period to which he has just referred, a period of rising prices, culminated in 1929 in the highest prices that had ever been inflicted upon the American consuming public, which means all of us, producers as well as consumers. That period was followed by the most disastrous collapse in the peacetime history of the United States. I can think of no 10-year period in our history which would be more unfortunate to adopt as the economic standard by which we should guide ourselves in the administration of the proposed law than the period from 1920 to 1930.

Mr. THOMAS of Oklahoma. I am glad to have the statement of the distinguished Senator from Michigan. Let me ask him a question. Does he think that the present price level is about right? Is it too high, about right, or too low?

Mr. BROWN. I am inclined to think that the figures which are based upon the 1909-14 relationship, to use the word in its exact meaning, based upon parity and the relationship between prices as they were from 1909 to 1914, giving consideration to the general rise and the substantial increase in parity prices, make the standard of 110 percent of parity which is adopted in the bill a fair and reasonable basis for the determination and limitation of prices. I think it is as fair a basis as we can find.

To answer the Senator's question directly, I have no doubt that we might pick out many items in the present level of prices which are unfair and out of line. I assume that most producers think that they do not receive enough for their products. But looking at the matter in a large way, in an over-all

view, based upon my reading of the testimony before the House committee and my attendance at the hearings before the Senate committee, I think that the present price level, which, as I have said, is about 99 percent of parity, is fairly reasonable, and that the October 1-15 base which we use in the bill for the general level of prices, or the relationship between prices, is reasonably fair.

As we produce more goods, undoubtedly prices will increase. I agree with the Senator from Ohio [Mr. TART] when he says that the increase should probably run from 10 to 15 percent a year. I think such an increase is unavoidable and fair. But what we are trying to do in the bill is to maintain a fair and reasonable relationship between prices, which means a relationship between the returns which the various economic groups in the United States receive.

So I answer the Senator's question by saying that prices somewhere between 95 or 100 percent, where they are today, and 110 percent of parity, and the prices which parity indicates, are reasonable and fair.

Mr. THOMAS of Oklahoma. The Senator and I do not disagree on the end we are all seeking to attain, and that is to maintain a fair relationship between the various groups of commodities. I share the viewpoint expressed by the Senator from Georgia that a price-control bill which takes into consideration only a few groups would not prove satisfactory in the end.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. Before I yield, let me reply further to the Senator from Michigan.

I understood the Senator to say that the base period of 1909 to 1914 is about right.

Mr. BROWN. For a relationship between prices.

Mr. THOMAS of Oklahoma. Mr. President, during those years the base price for wheat was 88.4 cents a bushel. The base or average price for corn was 64.2 cents a bushel. The average or base price for cotton was 12.4 cents a pound. I am wondering if any Senator believes that we could ever balance the Budget and begin to pay on our expanding war debt on that sort of a price level. We have had it for the past 10 years, until recently. Did we begin to balance our Budget? No. Instead of our beginning to pay our debts, the debts mounted annually.

It is my contention that we can never balance the Budget on the present prices. For that reason, I am not averse to seeing slightly higher prices than we have today. I want them to go up to 100. They are now only at 94. I want to see wheat sell for \$1.50 a bushel. I have said that a dozen times on the floor. I want to see cotton sell at from 20 to 25 cents a pound, and other prices in proportion. Such prices would not raise the price of bread, or the price of cotton cloth, but they would enable the people of the country who produce those raw materials to pay expenses and perhaps have a little money to spend, not only for the necessities, but for the better things of life.

I now yield to the Senator from Wyoming.

Mr. O'MAHONEY. The Senator has been talking about the deflationary policies of Governor Strong, of the Federal Reserve Board. Does he not agree that the policy which was called, as I remember, the "program of courageous deflation" in 1921 was felt most heavily by the agricultural population, and that the brunt of the deflation fell upon agricultural commodities, and the West generally?

Mr. THOMAS of Oklahoma. And especially upon the livestock producers. The Senator is eminently correct. In reducing the price level, the prices which were reduced were reduced mainly because of the influences brought to bear by Governor Strong, acting through the Federal Reserve Board and the banks. The banks refused to make additional loans. They began to call the loans then outstanding, which forced people who had goods to sell them. The man who had wheat in the granary, and whose loan was called, had to sell and take what he could get. If a man had cotton in a warehouse and his loan was called he had to sell and take what he could get. Everybody had to raise money to meet his obligations. That caused a general selling campaign, which brought prices down.

When Governor Strong got prices where he thought they ought to be—and I am not complaining—they were stabilized during an 8-year period. During that 8-year period we had what many persons term the era of Coolidge prosperity. It was an era when we balanced the Budget. We not only balanced the Budget, but we paid off \$1,000,000,000 of our indebtedness annually.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. WHEELER. I entirely agree with what the Senator has said with reference to the situation which existed when Governor Strong called the loans and caused what is known as the panic of 1922. It hit the farm population of the West. The general collapse of all the banks in the far West finally caught up with the Middle West.

I thoroughly agree with the Senator that if we are to keep prices too low—and there is fear at the present time that they will become too high—we shall not be able to balance the Budget. That seems perfectly apparent to me. The reason why we paid off \$1,000,000,000 a year on our indebtedness during the period referred to was that we had good prices during that particular period. We could probably have paid off more of the debt than we did during that period of time. Many persons in the country at that time felt that we were paying it off too fast. They felt that we should maintain it where it was. But I should like to hear the Senator's answer, if he has one, to what was said about the cause of the terrific debacle which took place in 1929. My own opinion is that it was not because of high prices, but because of the speculative fever which occurred during that period.

Mr. BROWN. Of course, Mr. President, that speculation was induced by rising prices.

Mr. WHEELER. Of course it was induced by rising prices. Nevertheless, during that period there was not any attempt to stop the speculation. Bank officials and everyone else, as the Senator knows, encouraged people from one end of the country to the other to buy bonds and more bonds, stocks and more stocks; and that speculative era was what really caused the panic of 1929.

Mr. BROWN. Why was the farmer able to go into debt? It was because of the high prices of agricultural products.

Mr. WHEELER. Oh, no.

Mr. BROWN. He was a good risk to the banker.

Mr. THOMAS of Oklahoma. Mr. President, if I may have the floor, let me say that the farmer did not go into debt during that period. The farmer went into debt just before the World War and after the World War, and not during the period to which the Senator refers. The farmer did not go into debt until prices began to fall. They began to fall immediately after the great conventions were held in June of 1920; because in the platform adopted in the convention of one of the parties it was stated, "We are against the high cost of living. Place us in power and we will bring down the cost of living. How will we do it? We will do it by a courageous deflation of both currency and credit."

There is the whole philosophy of the money question.

As soon as the representatives of the party successful in that election got into power, they did exactly what they promised to do. The wise folks knew what was coming, and they began to sell. They began to sell their properties and put them into bonds while they could get bonds low. That meant that the debts were not created by the farmer. He wanted to get out from under as well as the smart folks did.

Mr. WHEELER. I agree entirely with what the Senator says. So far as the farmers in the Middle West, in Iowa, Montana, and the Dakotas are concerned, the farmer did not go into debt in 1928. He went into debt because during the war the farmer was told to plant more crops, and during that period he bought more land and planted more crops. That is when the farmer went into debt. It was during the period 1922-29, when the little banks began to speculate; and the speculative era came about because high-pressure salesmen sold bonds and stocks to every little merchant. Then we were going to have an era of prosperity. We were buying stocks and bonds. If Senators will read the statements given out by Mr. Mellon and others in authority at that time, they will see that it was not the fact that the farmer was buying, but it was Wall Street speculation, and not speculation by the farmer, that brought about the panic of 1929.

Mr. BROWN. I do not want the Senator to put me in the position of saying that the farmer was responsible for bringing about that condition.

Mr. WHEELER. No; I am not saying that.

Mr. BROWN. What I am arguing against is the claim made by the Senator from Oklahoma that the relationship existing during the period 1920-30 was a good one. I think it was one of the most unfortunate periods in our history, and I think the rising prices of that time had their natural consequence in the great collapse of values that occurred in 1929 and immediately thereafter.

Mr. THOMAS of Oklahoma. Mr. President, we must keep the record straight. That was not the period when prices were rising. They were kept stable during the period from 1922 to 1929. The period of rising prices was from 1915 to the middle of the summer of 1920. Prices started to decline just after the convention in Chicago in 1920. Then prices began to tumble.

Mr. BROWN. When was land in Iowa selling for \$400 an acre? It was in 1929.

Mr. WHEELER. Of course, it was selling for that price; but prices of farm lands actually went up during the war period, and that is when farmers went into debt. It was not the farmers' prices that caused the panic of 1929. It was Wall Street speculation that caused the panic of 1929. I agree with what the Senator from Oklahoma has said. If we are going to keep prices down, we might as well make up our minds that we shall never pay off the \$150,000,000,000 or \$200,000,000,000 debt which we are incurring by the program that is under way.

Mr. BROWN. I desire to show the Senator from Montana and the Senator from Wyoming, both of whom are interested in the subject matter, what would be the result of substituting the Thomas amendment, which provides for 100 percent of parity—not for 110 percent of parity, but for 100 percent of parity. The price of cotton would go up to 20.1 cents a pound.

Mr. THOMAS of Oklahoma. Mr. President, does the Senator think that is too high?

Mr. BROWN. No.

Mr. THOMAS of Oklahoma. Then, why object to it?

Mr. BROWN. But the price of beef cattle would go from \$9.38 down to \$6.46 a hundred pounds.

Mr. THOMAS of Oklahoma. Not necessarily.

Mr. BROWN. Under the Thomas amendment, the price of a large number of commodities—in fact, of the great majority—would go down, rather than up.

I ask unanimous consent, Mr. President, to have inserted in the RECORD a table showing the figures I have just mentioned.

Mr. THOMAS of Oklahoma. Mr. President, I request that the table not appear in connection with my remarks.

Mr. BROWN. That would be most unfortunate, Mr. President.

[The table submitted by Mr. BROWN appears in the RECORD at the conclusion of the remarks of Mr. THOMAS of Oklahoma.]

Mr. THOMAS of Oklahoma. Mr. President, the law of supply and demand will control the price in the absence of a

price ceiling. If beef cattle are selling at \$10 a hundredweight—and we may fix the price at any point we want to—or around \$15 or \$20 a hundredweight, the law of supply and demand will control the price of cattle until it gets up to the point at which Mr. Henderson begins to operate.

Mr. President, before taking up the next subject matter—and I shall not use time unnecessarily—I wish to have placed in the RECORD a list of the commodities that are considered in making up the index numbers of the Bureau of Agricultural Economics. It is a list of 267 commodities. One objection that the Secretary of Agriculture has to my amendment is that it contains items that the farmer sells. This index number is presumed to contain items that the farmer buys. The index number I am suggesting is the regular Bureau of Labor Statistics index, made up of 900 commodities of all kinds and character; but in looking through this table I find that about half the items are identical with items produced by the farmers.

For example, I find here bran, corn, corn gluten, corn meal, cottonseed meal, commercial mixed feed, hay, alfalfa hay, linseed meal, middlings, oats, salt stock.

Then, Mr. President, I find many other products which the farmers produce. For example, on page 1 I find a list of 67 items. They will show in the RECORD, but I will state a few of them in answer to the Secretary's argument that we should not take the Bureau of Labor Statistics index because it is based on items that the farmers sell. What about these items—wheat, corn, oats, barley, rye, rice, cotton, cottonseed?

Under fruits: Apples, oranges, lemons, grapefruit, pears, peaches, apricots, cranberries, cherries, strawberries, prunes, grapes, pecans, and walnuts.

Under vegetables and truck crops we have the following: Potatoes, sweetpotatoes, beans, truck crops such as snap beans, cabbage, carrots, cauliflower, celery, onions, lettuce, green peas, and green peppers.

Then we have spinach, tomatoes, asparagus, cantaloupes, watermelons, and other items of that kind.

So, Mr. President, in order that the RECORD may be complete, I have explained how we obtained the base price. It is the average price for which the commodity sold during the base period of 1909-14.

This is on the other side of the equation. All that equals one figure. The average price of these commodities equals the other figure.

I ask unanimous consent that the list may be placed in the RECORD in order that the RECORD may be complete.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

COMMODITIES INCLUDED IN THE NEW INDEX OF PRICES PAID FOR COMMODITIES, 1935-39

Commodities used in living

Food (21): Apples,* bacon, sliced,* bananas,* beef, round steak,* bread, white,* butter,* cheese,* coffee,* cornmeal,* flour,* lard,* lemons,* oats, rolled,* oranges,* pork, loin,* raisins,* rice,* salt,* sugar,* tea,* vinegar,*

Clothing (18): Men's clothing—Gloves, cotton,* hat, felt,* overalls,* rubber boots, knee,* shirt, cotton, work,* shoes, work,* socks, cotton, work,* suit, wool,* trousers, wool,* union suit, winter,* union suit, athletic.*

Women's clothing—Bloomers, knit, rayon,* coat, cloth, dress, house,* hose, silk,* shoes,* percale,* muslin.*

Household supplies (9): Broom,* coal, hard,* coal, soft,* wood,* gasoline,* kerosene,* soap, laundry,* soap, toilet,* starch, laundry.*

Furniture and furnishings (22): Bed-spring,* bedstead,* blanket,* chair, dining,* comforter,* dinner plate,* dresser,* fruit jar,* kitchen cabinet,* linoleum,* living-room suite,* mattress,* rug,* sewing machine,* sheet,* stove, kitchen range,* stove, kerosene, table, dining,* towel,* wash boiler,* washing machine,* wringer.*

Automobile, gas oil, and tires (4): Automobile,* gasoline,* oil,* tire.*

Building materials for house (15): 2 by 6 by 16,* 2 by 4 by 16,* rough boards,* flooring,* shiplap,* bevel siding,* door,* lath,* shingles,* window,* brick, common,* cement,* nails,* paint,* screening.*

Total, 89 items for living.

COMMODITIES INCLUDED IN THE NEW INDEX OF PRICES PAID FOR COMMODITIES, 1935-39

Commodities used in production

Feed (12): Bran,* corn,* corn gluten,* corn meal,* cottonseed meal,* commercial mixed feed,* hay, alfalfa,* linseed meal,* middlings,* oats,* salt stock,* tankage.*

Farm machinery (31): Binder, corn; binder, grain;* combine;* cultivator, 1-horse walking;* cultivator, 1-row riding;* cultivator, 2-row; drill, grain;* engine, gas;* ensilage cutter;* feed grinder;* hammer mill;* harrow, disk;* harrow, spike-tooth;* harrow, spring-tooth; hay loader, manure spreader;* mower;* planter, corn or cotton, 1-row; planter, corn or cotton, 2-row;* plow, 1-horse walking;* plow, 2-horse walking;* plow, 2-bottom, horse-drawn; plow, tractor 2-bottom;* potato digger;* rake, side-delivery; rake, sulky, self-dump;* separator, cream;* thresher, grain;* truck, farm, steel-wheel; wagon;* wagon box.

Motor vehicles (3): Automobiles,* trucks,* tractors.*

Motor fuel, oil, and tires (5): Gasoline for autos and trucks,* gasoline for tractors, kerosene,* motor oil,* tires.*

Livestock (5): Cattle and calves, hogs, horses, mules, lambs.

Fertilizer (13): Mixed fertilizer, 3-8-3;* mixed fertilizer, 4-8-7;* mixed fertilizer, 2-12-2;* mixed fertilizer, 2-12-6;* mixed fertilizers, 4-8-4;* mixed fertilizers, 3-8-5;* mixed fertilizer, 5-8-7;* mixed fertilizer, 3-8-6;* acid phosphate;* nitrate of soda;* sulphate of ammonia;* muriate of potash;* ground limestone.*

Service building materials (20): 2 by 6 by 16;* 2 by 4 by 16;* rough boards;* shiplap;* siding, drop;* brick, common;* cement;* nails;* paint;* roofing, composition;* roofing, steel galvanized;* fence posts, steel;* fence posts, wooden;* gates, galvanized iron;* pumps, iron;* poultry netting;* windmills;* shingles;* windows, barn;* barbed wire, galvanized.*

Equipment and supplies (14): Axe; binder twine;* bushel basket;* halter, leather; hoe;* horse blanket;* horse collar;* lead arsenate;* milk can;* milk pail;* machine oil;* pipe, galvanized iron;* pitch fork;* rope, manila.*

Seed (10): Alfalfa seed,* bluegrass seed,* cottonseed,* cowpeas, red-clover seed,* sweet-clover seed,* seed potatoes,* seed wheat, soybeans, timothy seed.*

Total, 113 items for production.

Grand total, 202 items for living and production.

FARM PRODUCTS INCLUDED IN NEW INDEX OF PRICES RECEIVED BY FARMERS, 1935-39

Grains (6): Wheat,* corn,* oats,* barley,* rye,* rice.*

Cotton and cottonseed (2): Cotton,* cottonseed.*

Fruits (14): Apples,* oranges,* lemons,* grapefruit,* pears,* peaches, apricots, cranberries, cherries,* strawberries,* prunes,* grapes,* pecans,* walnuts.*

Vegetables and truck crops (24): Potatoes,* sweetpotatoes,* beans, dry edible;* truck crops for market—beans, snap,* cabbage,* carrots,* cauliflower,* celery,* onions,* lettuce,* peas, green,* peppers, green,* spinach,* tomatoes,* asparagus,* cantaloupes,* watermelons;* truck crops for processing—asparagus,* beans, snap,* cabbage for kraut,* corn, sweet,* cucumbers for pickles,* peas, green,* tomatoes.*

Dairy products (4): Milk, wholesale,* milk, retail,* butter,* butterfat.*

Poultry and eggs (3): Chickens,* eggs,* turkeys.*

Meat animals (5): Cattle,* calves,* sheep,* lambs,* hogs.*

Miscellaneous (9): Tobacco,* peanuts,* wool,* flaxseed,* hay,* horses,* mules,* soybeans,* sugar beets.

Total, 67 items.

Division of Statistical and Historical Research, Bureau of Agricultural Economics.

*Asterisk represents farm product included in both old and new indexes.

†Dagger represents new item included in index but not carried back to 1910-14.

No mark after a commodity indicates new item included in index and carried back to 1910-14 period.

Cucumbers for market were included in the old index but not in the new.

Mr. THOMAS of Oklahoma. Mr. President, my amendment, when I shall present it, will refer to the 1926 level. That is the level to which the distinguished junior Senator from Michigan is so violently opposed. He said it brought on the crash of 1929, which almost destroyed the world. Well, in 1926 we had, as I think and as I thought, fairly good times in the country. They were the best times we had known for a long period; and the responsible officials of the Government—not of my party, but that makes no difference—decided that 1926 was a pretty fair year. So they decided that they would make that the sample, the goal, the starting point; they would start from the year 1926. They took different groups of commodities. They took farm products, No. 1; foods, No. 2; hides and leather products, No. 3; textile products, No. 4; fuel and lighting, No. 5; metals and metal products, No. 6; building materials, No. 7; chemicals and allied products, No. 8; housefurnishing goods, No. 9; miscellaneous goods, No. 10. They gave the then prevailing prices of each of those groups, on the average, a number of 100. Then the dollar had 100 cents in it. They took the prices of the commodities making up these various groups for the year 1926, gave a rating of 100, and called that the starting point.

That is one equation. On the other side they took 100, which represents the 100 cents in the dollar; so they conceived and considered and determined and decided that 1926 was the best year they could revert to as a starting point. So from that time on we have been following this method of measuring value.

At the present time farm products, according to this standard of 100, stand at 91.1. That means—this was of the date November 29—that farm products, according to this measuring device, are 9 points below what they were in 1926, as an average and as a rule.

It means that food products, which were 100 in 1926, on November 29 of this year stood at 89.2. That is practically 11 points below the standard of 1926.

We find hides and leather products given 100 in 1926. On the 29th of November 1941 they stood at 115.4. That means that hides and the things made from hides, which are leather products, were on that date on the average 15 percent higher than they were during the year 1926.

The next group is textile products. They were given 100 in 1926, and on November 29 they stood at 90.6. Textile products are made up, of course, of cotton, woolen, silk, and other similar products. During 1926 they were given a rating of 100; and, as I said, on November 29 they stood at 90.6.

The next is fuel and lighting, which were given 100 in 1926. On November 29 they stood at 79.4. That is more than 20 points below what they were. That means that metals and metal products on November 29 were 20 percent cheaper than they were during the year 1926.

Metals and metal products were given 100 in 1926, and on November 29 they stood at 103.3—3 percent above what they were in 1926.

Building materials were given 100 in 1926. On November 29 they stood at 107.4, practically $7\frac{1}{2}$ percent above what they were in 1926, on the average.

Chemicals and allied products were given 100 in 1926, and they stood at 89.7, or practically 11 points cheaper now than they were in 1926.

The next is house-furnishing goods. They stood at 100 in 1926. On November 29 they stood at 101.9, practically 2 percent higher or more expensive than they were in 1926.

Then miscellaneous—that catches everything—were given 100, whatever they were, in 1926; and on November 29, 1941, the same items were 87.1.

So, Mr. President, save in the case of four items, these group products are cheaper now than they were in 1926. Only three groups are higher than they were in 1926, and even those are not materially higher. For example, one is nine-tenths of 1 percent higher. That is practically on a parity. The only group that is perceptibly higher is the group embracing hides and leather products, which stands at 115.4.

So, Mr. President, that is the reason why we refer to the year 1926 as being the goal. That is the standard. It was the beginning. It was the year, if I remember correctly, when we passed out of inflation back to stability. From this measuring device, if prices fall below 100, we are in deflation, and if prices rise above 100 to that extent we are in inflation. If we can put these groups in a relation to each other of 100—and they are almost that now—then we can keep

the whole group in harmony, at 100 or thereabouts.

Mr. O'MAHONEY. Mr. President, will the Senator yield before he puts away the chart before him?

Mr. THOMAS of Oklahoma. I am glad to yield.

Mr. O'MAHONEY. As I understand the Senator, the chart shows with respect to farm products and foods that their prices in November of 1941 were from 10 to 12 percent below what they were in 1926.

Mr. THOMAS of Oklahoma. That is absolutely correct.

Mr. O'MAHONEY. The products of which the prices are practically the same as they were in 1926, or a little above, are principally industrial products.

Mr. THOMAS of Oklahoma. I think they are all industrial products.

Mr. O'MAHONEY. So that, according to the chart, in 1926 there was a spread between agricultural products and industrial products.

Mr. THOMAS of Oklahoma. In 1926 they were all given a rating of 100. They stood in that relation to each other. Farm products were given a rating of 100, and food products were given a rating of 100.

Mr. O'MAHONEY. But that is an arbitrary relationship.

Mr. THOMAS of Oklahoma. That is true; but the prices then obtaining, whatever they were, were given a rating of 100.

Mr. O'MAHONEY. The relationship had to be selected; I understand that; but, as the Senator has already demonstrated, when the deflation of 1921 took place, its chief burden was felt by agricultural commodities. The charts of that time will show that the curve of agricultural prices took a precipitate fall, whereas the curve of industrial commodity prices fell very slightly. So what we are now confronted with, as the Senator has demonstrated, is that in November of 1941 the prices of farm products and of food still remained from 10 to 12 cents below the period of 1926, which has been selected as the norm.

Mr. THOMAS of Oklahoma. The Senator is exactly correct in his interpretation.

Mr. President, if I may, I should like to get my charts in the RECORD tonight. I will not take any more time than I have to.

Mr. WHEELER. Mr. President—
Mr. THOMAS of Oklahoma. I yield to the Senator from Montana.

Mr. WHEELER. The time when the price of farm products fell precipitately was in the period of deflation, when Governor Strong started calling farm loans; but industrial prices did not drop in comparison with farm prices.

Mr. THOMAS of Oklahoma. For the very obvious reason that farmers are not financed as industry is.

Mr. WHEELER. And they cannot fix the prices.

Mr. THOMAS of Oklahoma. And industries, if times are not good, can lay off their men. They can quit buying; they can curtail and save themselves. The farmer cannot do that. Any industry, if it needs money, can go to a bank

and get it at any time, at a reasonable rate of interest. The farmer cannot do that. If a farmer owed a bank, and the bank had a mortgage on his cattle or his stored wheat or his stored corn or his stored cotton, he knew that if the loan were called he would have to sell. The farmer, then, had to take what he could get. Industry did not have to sell. It could have put up collateral; and, if its own bank could not afford the accommodation, it could have gone to some other bank. The farmer could not do that.

Mr. WHEELER. The point I wanted to make was that farm prices never came up to a parity with prices of manufactured products to what they were prior to 1921 or prior to the time when Governor Strong had the Federal Reserve banks call in the loans. Yet today farm prices are lower than they were even in 1926, when they had not come back to parity with the 1921 prices.

Mr. THOMAS of Oklahoma. They are very much lower than they have been.

Mr. President, the amendment I shall propose for consideration provides a statutory formula for arriving at parity prices. It follows the same principle which is now in the minds of those who manage the Bureau of Agricultural Economics. Their plan is not written, it is in their minds, and they can change it. They do not have to make it public, and it is not public. One has to study it for months to ascertain what it is, but we can find out what it is by studying it.

I favor a change of the base period from 1909–1914 to 1919–1929. The original base period was 6 years. I desire to make it a 10-year base period, commencing July 1, 1919, and ending on June 30, 1929.

In explaining just how my amendment would work, I shall take cotton as an example, because there are many Senators on the floor who understand the details of cotton production. The same method I have heretofore described will be followed in working out the base price. Under the present plan the base price is the average price for the years 1909–1914. The base price I propose is the average price of any commodity during the newly suggested base period, 1919 to 1929.

There are in this country 10 principal concentration points for cotton. There are 10 places where merchants dealing in cotton can send their cotton for storage, for concentration purposes, because there is a standard market. Those 10 places are Augusta, Ga.; Houston, Tex.; Montgomery, Ala.; Galveston, Tex.; Memphis, Tenn.; Charleston, S. C.; Dallas, Tex.; New Orleans, La.; Savannah, Ga.; and Little Rock, Ark. Those are all the concentration points there are.

There is a spot market for cotton at each of those towns every day in the year when the exchanges are open. They are not open on Sundays or holidays. In order to ascertain whether or not my amendment will work, I sent to each of these exchanges a request that they fill out a questionnaire for me. I asked them to give me the price of $\frac{7}{8}$ -inch middling cotton as it was reflected by their books

on the first day of each month and the tenth day of each month during each of the years in the 10-year period. When I received the answers I found that the average price of cotton at each exchange was so much for the year. Then by adding the figures for the 10 years, I found the average price of cotton at each of these concentration places for the period. By adding the 10 concentration averages and striking an average, I got the general average, or base price.

The average price of cotton at each of the concentration points was as follows:

	Cents
Augusta.....	22.685
Houston.....	22.867
Montgomery.....	22.449
Galveston.....	23.153
Memphis.....	22.826
Charleston.....	22.690
Dallas.....	22.350
New Orleans.....	22.793
Savannah.....	22.570
Little Rock.....	22.605

Those were the average prices for which cotton sold at each of those 10 concentration points during the 10-year period. By adding the 10 averages and striking an average of them all, we find that the average or base price of cotton during the 10-year period was 22.698. That is what cotton sold for in the South at these 10 concentration points, on the average, during the 10-year period.

To show that my research was not far wrong, I sent to the Department of Agriculture and asked them to fill out the same questionnaire. They filled it out, and by striking the average of their figures we find they show the average price of cotton at each of those 10 points to be 22.7 cents. The research I made showed that the price was a fraction of a cent less than the price found by the Bureau of Agricultural Economics. So it is fair to say that the average or base price of cotton during the 10-year period was 22.69 cents a pound.

Mr. President, that is one side of the equation. If we take that figure as the base price, then we have only to go to the Department of Labor to find their figures already made. They do not have to make them up. They are made once each week.

Starting at the base period, the year 1926, at 100—and I have explained how that came about—we find, if we make the computation, that all we have to do in order to find the parity price of cotton when once the base price, which is 22.7, is determined, is to go to the Bureau of Labor Statistics and ask them what the index number is. If the index number is 90, we multiply 22.7 by 90, and the result is the parity price of cotton. If the index is 100, we multiply by 100, and get the base price or the average price during the 10-year period. It is just as simple with the other commodities.

Using the same system in the case of wheat, we find there are some major concentration markets for wheat. There are St. Louis, Chicago, Minneapolis, Omaha, Fort Worth, Duluth, and others. I have found the average price at which No. 1 Hard wheat sold for during the 10-year period at the six places I have named. The prices were as follows:

St. Louis.....	\$1.616
Chicago.....	1.528
Minneapolis.....	1.551
Omaha.....	1.506
Fort Worth.....	1.560
Duluth.....	1.704

By striking a general average of those prices, we find that the average or base price for wheat for the 10-year period was \$1.57 a bushel. That shows how simple it is.

When this is once worked out, it never has to be worked out again, so long as the law stands. If that should be concurred in the Bureau of Labor Statistics, as we have their figure for cotton, when once figured out, it stands until the law is changed. From week to week all we have to do in order to find the parity price of any commodity is to find the average price, which will be worked out and made public, then telephone the Department of Labor and get the index number, and multiply the base price by the index number, the result being parity.

Mr. CHANDLER. Mr. President, before the Senator leaves that point, I wish he would put into the RECORD the average price the Department of Agriculture gave, so that it will appear in his remarks. I believe he overlooked that.

Mr. THOMAS of Oklahoma. The Senator asks me to insert in the RECORD the price which the Department of Agriculture figures for wheat. As I recall, it is 2 cents less than the figure I gave. The Department figure is \$1.55; at least it is a little less than the average for the six concentration points. That is for the reason that they try to stick pretty closely to the farm price, and the farm price is always less than the concentration point price. In the case of cotton, for example, the farmer did not on an average receive 22.7 cents for his cotton. He sold it back in the State to someone who purchased it, and someone made a commission, and someone had to pay the freight. But when the cotton went to these concentration points, the mill bought it there, and 22.7 cents was the price the mill people had to pay.

Someone might ask, why do you take as your base price the high price, which is the concentration-point price, and then go to the Bureau of Labor Statistics, which has the wholesale price? That is very simple. It is an arbitrary matter. I give the farmers the benefit of a high base price, then I place that against the wholesale price, on the theory that if he gets a little more in his base price he will have to pay a little more for the things he buys, so on the average what he receives and what he has to pay out will be equalized.

I have another chart dealing with the parity price on corn, which I wish to explain. During that 10-year period the average price of a good grade of corn which is tenderable on contracts was 95.4 cents at Chicago; at Omaha the price was 89.7 cents; at Minneapolis 89.3 cents; and at St. Louis the average price was 94.9 cents, which made a general average price at which corn sold during that 10-year period of 92.3 cents.

In order to obtain the parity price on corn all that is necessary to be done is to telephone to the Department. The

price changes every week. The Bureau gets out a new index number every Thursday. The base price does not change. That stands as long as the law stands. But the index number changes. By multiplying the base price by the index number the parity price can be obtained. The price is only a matter of one week's duration. The index number of industrial commodities remains the same for 1 month. A new index number is fixed on the 15th of each month. The present index number is 143.

Mr. President, my amendment would provide a definite statutory formula for arriving at parity prices, one that could not be changed except by the Congress, so that a man in Duluth, or a man in Key West, or a man anywhere else who has access to statistics could figure out the parity price. He could obtain the base price as it may be figured out and published by the Department of Agriculture, and then he could telephone or telegraph from time to time and get the index number, and by multiplying one figure by the other he could get the parity price. The Bureau of Agricultural Economics works it out only once a month, so it does not change as rapidly as the index figured out by the Bureau of Labor Statistics.

Mr. President, my amendment is not limited to agricultural products, but includes industrial products as well, indeed, all the commodities or products with which Mr. Henderson will have to deal. It provides that Mr. Henderson, or the Administrator, cannot touch a single item, regardless of what it may be, until the price of the product reaches either parity or within 5 percent of parity. If the commodity is above parity he can begin to operate on it.

Take any commodity, I care not what it may be—copper, lead, zinc, any commodity either in the raw or processed stage—Mr. Henderson cannot do anything with that commodity until the price of the commodity reaches 95. Then he can begin to consider it, and, under my amendment, to fix the price on it, not higher than 100, not higher than it was in 1926. I do not have a 110-percent provision in my amendment. I am not against the 110-percent provision, but I am not asking for it. No farmer has asked me for 110 percent. No farmer has asked me for any advantages. The farmers are asking me to see to it that they are placed on a parity, a full parity, an honest parity. They are not there now. They are not there now because of economic conditions, not because of those who use the different formulas to arrive at parity.

Mr. President, my amendment would give Mr. Henderson the authority of the Congress. That is the authority he will have if he is given any authority. He has no power inherently. No one other than the Congress has any power to legislate. No one has the right to legislate, excepting the Congress, but the Congress may delegate its constitutional power to some agency, and that must be done in a constitutional way. It is my contention that the bill in its present form is not constitutional. In my judgment, no court in peacetime would sustain the bill in its

present form. What courts may do in wartime I am not so sure.

If we pass the bill, I am not so sure it will not be sustained. In wartimes we do many things which we probably would not do in peacetimes. The bill, however, is not a constitutional bill. It is a delegation of congressional power under the Constitution, if it is anything, and to be a proper delegation of power the Congress must do two things: First, it must create the agency, and must give the agency directions as to when it may act; second, it must place limitations upon the actions of the agency when it does act. The bill does not fix such limitations. I contend the bill is not constitutional.

I am not a member of the committee which considered the bill. I am not criticizing the committee. We have not undertaken heretofore to write a bill of this kind. The task has been a gigantic one. The committee which performed this task should be commended, and I commend the committee, and especially do I commend the active and energetic Senator from Michigan [Mr. BROWN], who is in charge of the bill. But if we can improve the bill I am willing to try to do so. I think the bill ought to delegate to an administrator the power which the Congress has, but we should provide that he must find certain conditions to be in existence before he can turn his hands. Then let us place limits within which he can act. My amendment seeks to do that.

If prices reach within 5 points of 100, that is a condition which gives him power to act. Then he can act to fix prices upon the raw product or the finished product at around 100. If he finds some group is above 100, he can take steps immediately to bring the price down to 100. If the prices are at 100, as some are now, he can take steps to keep them there. So my amendment establishes the conditions under which the Administrator may act and the limits within which he may act.

That is about the explanation I care to make, save for one further statement: After I had prepared my amendment, I was very gratified this morning to receive a letter from Albert W. Hawkes, president of the Chamber of Commerce of the United States. The letter is dated January 7, 1942. In reading through the report of the committee of the Chamber of Commerce of the United States, which was sent with the letter to which I referred, I find, on page 10 thereof, this statement:

The function of Congress does not end with the laying down of such policies, but includes establishment of standards according to which the agency it selects for the purpose of administration may be guided and limited in activities in support of the policies declared by Congress. Extraordinary conditions may call for extraordinary remedies, the Supreme Court has pointed out, adding that extraordinary conditions do not create or enlarge constitutional power.

Mr. President, that sustains the point I have just made. It is true we are at war, but war does not expand the Constitution. War does not change the Constitution. The powers contained in the

Constitution have been there for 150 years. They are there today. When war was declared the Constitution was not changed. If under the Constitution we could not delegate power 2 months ago in a certain way, we certainly cannot delegate it in the same way now, and make it constitutional now, provided the power was unconstitutional in the first place.

I shall read into the RECORD one further statement from the report of the committee of the Chamber of Commerce of the United States, which sustains my viewpoint entirely. I did not know that the Chamber of Commerce of the United States was going to endorse my amendment, but here is an endorsement of my amendment:

This standard for price fixing Congress can place beyond any possibility of misunderstanding by adding definitions of the extent and conditions under which control is to be imposed. These definitions could be in terms of price relationships as shown by the price data comprehensively collected and published weekly and monthly, by a Federal agency of long experience, the Bureau of Labor Statistics, and now utilized by other Federal agencies such as the Board of Governors of the Federal Reserve System. Such data will show immediately any price within a group, and any class related to any other classes, that should have attention.

Mr. President, that is as clear an endorsement of the amendment I have offered as could be written. It is suggested that we keep the prices of all our commodities in relationship according to some formula, and the figures of the Bureau of Labor Statistics are taken as one-half the formula. The other half, of course, would be the base period or the base price. From that standpoint the problem could be handled with the 1909-14 base or the 1919-29 base.

At a later time, Mr. President, I shall call up the amendment and ask for its consideration.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. THOMAS of Oklahoma. I yield.

Mr. SHIPSTEAD. I have been absent from the Chamber and did not hear all the Senator's discussion. The Senator does not mean, does he, that the average price shall be the ceiling of prices?

Mr. THOMAS of Oklahoma. I do not understand the question.

Mr. SHIPSTEAD. Does the Senator mean that the average price which he has figured out for cotton, as an example, should be the ceiling of prices?

Mr. THOMAS of Oklahoma. I mean that at the present time the base price multiplied by the present index number would give a price of cotton of about 21½ cents a pound. That is the price which should be fixed at present for cotton. Then, as the parity price goes up, if wages are unrestrained, they will cause other prices to go up. Then, if the index number should go up, the price of cotton would go up, because the index number would govern the price of cotton.

Mr. SHIPSTEAD. And the prices of finished products would also go up.

Mr. THOMAS of Oklahoma. Yes.

Mr. SHIPSTEAD. The Senator means, then, to arrive at a price which would

represent a fair exchange value on the basis of parity.

Mr. THOMAS of Oklahoma. The price should be placed at that point now, and kept there, according to the formula. In my judgment, it could be done very easily.

Mr. SHIPSTEAD. Does the Senator think that parity would not fluctuate? Would the Senator fix a price now which would not fluctuate?

Mr. THOMAS of Oklahoma. I could not do that for the reason that if wages continue to increase other prices will increase.

Mr. SHIPSTEAD. Why talk about wages? What about prices and profits?

Mr. THOMAS of Oklahoma. Mr. President, I admit that I am getting at the wage matter through a sort of back door.

Mr. SHIPSTEAD. We are fixing prices on farm commodities. The farmer pays to industry more than the price of labor; he also pays profits. If we are to have a parity price it must be based on the price of the finished product, and not on the labor income index.

Mr. THOMAS of Oklahoma. I have concluded, Mr. President, unless the Senator has some further suggestion.

Mr. SHIPSTEAD. I am asking the Senator a question.

Mr. THOMAS of Oklahoma. I have explained my formula to the Senator. My formula would fix the price on cotton at present at 20 cents plus.

Mr. SHIPSTEAD. I understand that; but what do the figures mean? The Senator talks about the labor index. Does he mean labor income?

Mr. THOMAS of Oklahoma. No, Mr. President.

Mr. SHIPSTEAD. Or does he mean the price level?

Mr. THOMAS of Oklahoma. Each week the Bureau of Labor Statistics obtains the prices on certain quantities of each of 900 commodities.

Mr. SHIPSTEAD. That is correct.

Mr. THOMAS of Oklahoma. Then it adds the prices of all those commodities, making a grand total. It then divides the grand total by the number of commodities, and the average shows whether prices, on the whole, have gone up or down. If the average is higher it means that the average has gone up. If the average is lower it means that on the average prices have gone down. Of course, the prices of a good many commodities would not change at all. Some would go up, and some would go down; but in times of stability the average would be about the same. The average has not changed very much until recently. During the past year the index number changed only a fraction of a point from week to week and from month to month. Now, with all our spending, the average is going up.

Mr. SHIPSTEAD. The Senator is aiming at a uniform formula, which is not a fixed price, but a flexible formula. Whether prices go up or down, agricultural prices would be on a basis of fair exchange with industrial prices.

Mr. THOMAS of Oklahoma. I am trying to place farm commodities on a parity with industry; and once having placed them there, I want to keep them

there. If industrial prices go up I want farm prices to go up. If industrial prices go down, I want farm prices to go down. If we can place them on a parity and keep them there we can make some progress.

Mr. SHIPSTEAD. The bill would not accomplish that purpose?

Mr. THOMAS of Oklahoma. It would not, but the amendment which I have suggested is for that purpose.

Mr. President, I surrender the floor.

During the course of the remarks of Mr. THOMAS of Oklahoma, the following table was submitted by Mr. BROWN and ordered to be printed in the RECORD:

Parity prices for selected agricultural commodities under 2 methods of measurement

Commodity and unit	Actual price, Dec. 15, 1941	Parity price, Dec. 15, 1941		Percent Thomas amendment, parity of current measurement parity	Percent actual price of parity	
		Current measurement	Thomas amendment		Current measurement	Thomas amendment
Wheat, per bushel.....cents	102.2	127.3	124.6	97.9	80.3	82.0
Corn, per bushel.....do	66.9	92.4	83.6	90.5	72.4	80.0
Oats, per bushel.....do	45.2	57.5	44.6	77.6	78.6	101.3
Barley, per bushel.....do	56.1	59.1	65.1	73.1	63.0	86.2
Rye, per bushel.....do	57.8	103.7	89.0	85.8	55.7	64.9
Buckwheat, per bushel.....do	64.9	105.1	99.3	94.5	61.8	65.4
Flaxseed, per bushel.....dollars	1.78	2.43	2.20	90.5	73.3	80.9
Cotton, per pound.....cents	16.23	17.86	20.1	112.5	90.9	80.7
Cottonseed, per ton.....dollars	44.65	32.47	32.37	99.7	137.5	137.9
Potatoes, per bushel.....cents	82.7	101.3	117.5	116.0	81.6	70.4
Sweet potatoes, per bushel.....do	86.6	126.4	128.0	101.3	68.5	67.7
Hay, per ton.....dollars	9.43	17.09	12.72	74.4	55.2	74.1
Peanuts, per pound.....cents	4.79	6.9	5.48	79.4	69.4	87.4
Apples, per bushel.....dollars	1.09	1.38	1.37	99.3	79.0	79.6
Hogs, per 100 pounds.....do	10.21	10.40	9.18	88.3	98.2	111.2
Beef cattle, per 100 pounds.....do	9.38	7.50	6.46	86.1	125.1	145.2
Veal calves, per 100 pounds.....do	11.22	9.72	9.07	93.3	115.4	123.7
Lambs, per 100 pounds.....do	9.86	8.45	10.32	122.1	116.7	95.5
Butterfat, per pound.....cents	36.0	41.4	41.4	100.0	87.0	87.0
Chickens, live, per pound.....do	15.8	16.4	20.1	122.6	96.3	78.6
Turkeys, live, per pound.....do	20.9	20.7	27.1	130.9	101.0	77.1
Eggs, per dozen.....do	34.1	38.4	31.2	81.3	88.8	109.3
Wool, per pound.....do	37.1	26.4	32.1	121.6	140.5	115.6

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives by Mr. Swanson, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 2149. An act to amend the act approved April 22, 1941 (Public Law 39, 77th Cong.), so as to increase the authorized enlisted strength of the Navy and Marine Corps;

H. R. 4077. An act to amend the District of Columbia License Act so as to permit the transportation of school children and occasional sightseeing operations in the District of Columbia without procurement of a license or payment of a tax in the case of certain vehicles performing such operations in connection with transportation to the District of Columbia;

H. R. 5464. An act to authorize transfer of enlisted men of the Naval and Marine Corps Reserve to the Regular Navy and Marine Corps; and

H. R. 6163. An act to prohibit parking of vehicles upon public or private property in the District of Columbia without the consent of the owner of such property.

OPERATION OF THE SELECTIVE SERVICE SYSTEM

Mr. JOHNSON of Colorado. Mr. President, confusion and working at cross purposes must be eliminated from the war effort if it is to be entirely successful; and it must be entirely successful if speedy and satisfactory results are to be achieved. America will accept nothing less than the highest degree of efficiency in the conduct and prosecution of our momentous undertaking. Woe unto that man who, through shortsightedness, selfishness, or stupidity, bungles any part of this vital job; and yet at this very moment the job of bringing men into the

military service is being bungled and terribly confused. The Congress is not to blame for this sad state of affairs, for it was foresighted and enacted the Selective Service Act which provided an orderly, equitable, and intelligent formula for acquiring military manpower without disrupting the flow of industrial manpower.

I could furnish the Senate with a thousand exhibits to prove my point, but in the interest of brevity I shall place in the RECORD only one letter received by me. This letter is from the pen of Dean O. M. Dickerson, a World War veteran, a dean of one of the finest colleges of education in the land, and a member of his local draft board. His statement applies with equal force to every county in the United States and is a terrible indictment of our intelligence and ability to conduct an all-out war against our unspeakable foes.

We are in a desperate conflict requiring the waging of total war against foes whose spoken word is the supreme law of their unhappy lands. That situation requires that every man in the United States be assigned a duty fitted to his abilities, and furthermore, that he serve in such an assignment. Some will man guns. Others will man the tools which produce the guns. Both activities are of vital importance to our safety. Congress enacted the Selective Service Act to determine where the manpower of this democratic Nation should be utilized. Congress naturally expected that selective service would supersede the faulty recruiting method in time of war, but unhappily the bureaucrats in the War and Navy Departments, disregarding the industrial needs of the Nation, have selfishly, stupidly, and tenaciously clung to recruiting.

Unfortunately, in this tragic hour, we are utilizing two diametrically opposed methods. We are inducting men into the military service under the Selective Service Act, and by the high pressure recruiting method. In my opinion the high pressure recruiting to which the young men of this Nation are being subjected is contrary to the best interests of this Nation. In my opinion high pressure recruiting is sabotaging selective service and is sabotaging America's industrial needs.

Recruiting officers, intentionally or unintentionally, are placing a stigma upon the young man whose name has not been called in the draft simply because he does not rush in and volunteer before he is called. Such an implication of failure in patriotism is nothing short of atrocious. It is important that this point be clarified. Otherwise the selective-service plan of military induction is a failure. Selective service was not devised as a method to induct cowards and slackers into the military service; rather it is a method to get the right man into the Army and the right man into the factory or laboratory or professional service.

Following the World War, the provost marshal general made a complete report to the Secretary of War on all phases of the operations of the selective-service system to December 20, 1918.

I ask unanimous consent to have printed in the RECORD at this point a letter from Dean O. M. Dickerson, of the Colorado State College of Education, at Greeley, Colo., together with three pages from the second report of the provost marshal general to the Secretary of War on December 20, 1918. The pages are Nos. 224, 225, and 226.

There being no objection, the letter and excerpts were ordered to be printed in the RECORD, as follows:

COLORADO STATE COLLEGE OF EDUCATION,
Greeley, December 13, 1941.

Senator EDWIN C. JOHNSON,
Senate Office Building,
Washington, D. C.

MY DEAR SENATOR: I am writing you as an important member of the Senate Military Affairs Committee.

We are now at war. I understand that new war legislation is passing through Congress. I presume that this legislation will be patterned very closely on that used in the last war. I served in that war, as you know, and am now serving on the local draft board.

The time has come when all enlistments should be discontinued. If we are making the greater part of our male population register and have selective service, why not use this system? For months the Regular Army has apparently been doing everything it can to sabotage the Selective Service Act. If they do not want this method of raising troops, why did they ask for it? If they do not intend to use it, certainly there is no excuse for rushing through new measures of that type.

Here in Greeley, in addition to the local draft board, we have a recruiting detachment from the Regular Army, another recruiting detachment from the Marines, and still another from the Navy. The recruiting staffs are made up of men in the highest pay brackets of their particular rank and service. The total cost of these recruiting detachments is high. There is not a single one of them that is not costing more than the entire personnel of the draft board. Together, they are costing several times the salaries

H. R. 5990

IN THE SENATE OF THE UNITED STATES

JANUARY 8 (legislative day, JANUARY 6), 1942

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. BALL to the bill (H. R. 5990)
to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes, viz:

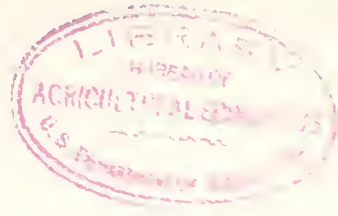
1 On page 24, line 11, after the word "effect" and the
2 period insert the following: "Before issuing any regulation
3 or order under the foregoing provisions of this subsection,
4 the Administrator shall consult informally with a limited
5 number of representatives of the industry or industries most
6 affected by the proposed regulation or order to obtain their
7 views as to its probable effect on the functioning of such
8 industry or industries and for such other purposes as the
9 Administrator deems advisable."

AMENDMENT

Intended to be proposed by Mr. BART to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

JANUARY 8 (legislative day, JANUARY 6), 1942

Ordered to lie on the table and to be printed



IN THE SENATE OF THE UNITED STATES

JANUARY 8 (legislative day, JANUARY 6), 1942

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. BALL to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes, viz: On page 30, after line 13, insert the following new subsection:

- 1 (f) Before issuing any regulation or order affecting the
- 2 price or prices of any agricultural commodity or any com-
- 3 modity processed or manufactured in whole or in part from
- 4 any agricultural commodity, the Administrator shall consult
- 5 with the Secretary of Agriculture or his designated repre-
- 6 sentatives.

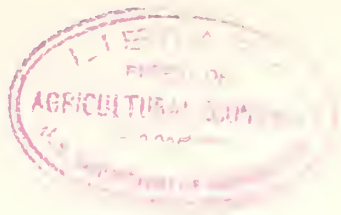
AMENDMENT

Intended to be proposed by Mr. BALL to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

JANUARY 8 (legislative day, JANUARY 6), 1942

Ordered to lie on the table and to be printed

H. R. 5990



IN THE SENATE OF THE UNITED STATES

JANUARY 8 (legislative day, JANUARY 6), 1942

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. BUTLER to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes, viz:

- 1 On Page 49, line 24, of the committee amendment, after
- 2 the word "station," insert "or outdoor advertising facilities,".

AMENDMENT

Intended to be proposed by Mr. BUTLER to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

JANUARY 8 (legislative day, JANUARY 6), 1942

Ordered to lie on the table and to be printed

H. R. 5990

IN THE SENATE OF THE UNITED STATES

JANUARY 8 (legislative day, JANUARY 6), 1942

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. BUTLER to the bill (H. R. 5990)
to further the national defense and security by checking
speculative and excessive price rises, price dislocations, and
inflationary tendencies, and for other purposes, viz:

- 1 On page 28, line 22, change the period after "amended"
- 2 to a comma and insert the following: "nor the prohibition
- 3 of futures trading in any agricultural commodity subject to
- 4 the provisions of the Commodity Exchange Act, as amended."

AMENDMENT

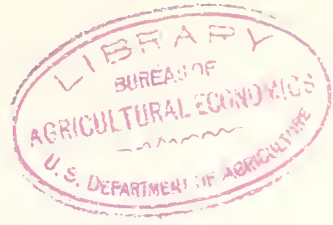
Intended to be proposed by Mr. BUTLER to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

JANUARY 8 (legislative day, JANUARY 6), 1942

Ordered to lie on the table and to be printed

77TH CONGRESS
2D SESSION

H. R. 5990



IN THE SENATE OF THE UNITED STATES

JANUARY 8 (legislative day, JANUARY 6), 1942

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. GEORGE to the bill (H. R. 5990), to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes, viz: On page 24, line 11, after the period insert the following:

- 1 In establishing a ceiling for any specified commodity,
- 2 the Administrator shall, so far as practicable, advise and
- 3 consult with representative members of the industry which
- 4 will be subject to such ceiling. In the case of any com-
- 5 modity for which a ceiling has been established, the Ad-
- 6 ministrator shall, at the request of any substantial portion
- 7 of the industry subject to such ceiling, appoint an industry
- 8 advisory committee, or committees, either national or re-

1 gional or both, consisting of such number of representatives
2 of the industry as may be necessary in order to constitute
3 a committee truly representative of the industry, or of the
4 industry in such region, as the case may be. The committee
5 shall select a chairman from among its members, and shall
6 meet at the call of the chairman. The Administrator shall
7 from time to time, at the request of the committee, advise
8 and consult with the committee with respect to the ceiling,
9 and with respect to the form thereof, and classifications,
10 differentiations, and adjustments therein. The committee
11 may make such recommendations to the Administrator as it
12 deems advisable.

AMENDMENT

Intended to be proposed by Mr. George to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

JANUARY 8 (legislative day, JANUARY 6), 1942

Ordered to lie on the table and to be printed

77TH CONGRESS
2D SESSION

H. R. 5990



IN THE SENATE OF THE UNITED STATES

JANUARY 8 (legislative day, JANUARY 6), 1942

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. O'MAHONEY to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes, viz: On page 29, after line 4, strike all of section 3, relating to "Agricultural Commodities", and insert in lieu thereof the following section 3:

1 SEC. 3. (a) No maximum price shall be established or
2 maintained for any agricultural commodity below the then
3 current emergency wage parity price or comparable price for
4 such commodity, adjusted for grade, location and seasonal
5 differentials, as determined and published by the Secretary of
6 Agriculture in the manner hereinafter provided in sub-
7 section (b).

8 (b) For the purposes of this Act, emergency wage

1 parity prices shall be determined by the Secretary of Agri-
2 culture by constructing a combined index in which the pur-
3 chasing power index now used by the Secretary to compute
4 parity prices shall be given a weight of 80 and a factor repre-
5 senting an index of urban wage rates, as determined by the
6 formula in use January 1, 1941, in the index of wage rates
7 published in "The Monthly Review of Credit and Business
8 Conditions" by the Federal Reserve Bank of New York,
9 shall be given a weight of 20. In applying this combined
10 index the Secretary shall take such steps as in his judgment
11 may be necessary to establish and maintain equitable price
12 relationships, as among all agricultural commodities.

13 (c) Any maximum price established upon the resale
14 price of any agricultural commodity, or any grade, regional
15 or market classification thereof, or upon the price of any
16 commodity processed or manufactured in whole or substantial
17 part from any agricultural commodity shall not be below a
18 price which will reflect to the producer of such agricultural
19 commodity the emergency wage parity or comparable price
20 therefor as determined pursuant to this section.

21 (d) Neither the provisions of section 5 nor any other
22 provision of this Act shall be construed to authorize any
23 action contrary to the provisions and purposes of this section:
24 *Provided*, That nothing contained in this Act shall be con-
25 strued to modify, repeal, supersede, or affect the provisions

1 of the Act of Congress cited as the Agricultural Marketing
2 Agreement Act of 1937, as amended, or to invalidate any
3 marketing agreement, license, or order, or any provisions
4 thereof, or amendments thereto, which may be in existence
5 or hereafter issued under the provisions of said Act.

AMENDMENT

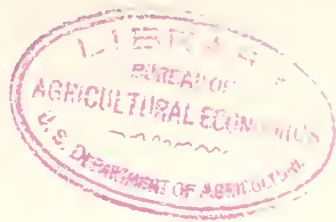
Intended to be proposed by Mr. O'MAHONEY to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

JANUARY 8 (legislative day, JANUARY 6), 1942

Ordered to lie on the table and to be printed

77TH CONGRESS
2D SESSION

H. R. 5990



IN THE SENATE OF THE UNITED STATES

JANUARY 8 (legislative day, JANUARY 6), 1942

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. LUCAS to the bill (H. R. 5990)
to further the national defense and security by checking
speculative and excessive price rises, price dislocations, and
inflationary tendencies, and for other purposes, viz:

1 On page 28, line 25, before the period insert a comma
2 and the following: "and no agricultural commodity which
3 has been bought by any governmental agency shall be sold
4 at a price below the market price for such commodity speci-
5 fied in clause (1) or clause (2) of section (3a) of this
6 Act, whichever is the higher".

AMENDMENT

Intended to be proposed by Mr. Lucas to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

JANUARY 8 (legislative day, JANUARY 6), 1942

Order read to lie on the table and to be printed

DANGERS OF INFLATION—LETTER FROM HON. ROBERT L. OWEN

[Mr. HOLMAN asked and obtained leave to have printed in the Record a letter on the subject of inflation written by Hon. Robert L. Owen, which appears in the Appendix.]

ADDRESS BY CHARLES A. DAFOE ON THE UNICAMERAL LEGISLATURE OF NEBRASKA

[Mr. McNARY asked and obtained leave to have printed in the Appendix of the Record an address delivered by Hon. Charles A. Dafoe, a member of the unicameral Legislature of Nebraska, delivered at St. Louis, Mo., November 19, 1941, on the subject The One-House Legislature, which appears in the Appendix.]

PRICE CONTROL

The Senate resumed the consideration of the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

THE VICE PRESIDENT. The committee amendment is open to further amendment.

Mr. THOMAS of Oklahoma. Mr. President, yesterday I offered an amendment, and made some remarks in explanation of it. I did not at that time intend that the amendment should be offered for action. After conference with the Senator in charge of the bill, I was permitted to take the floor to explain the amendment and to make some comments on the bill. I think it proper, from my viewpoint, at least, to have the bill discussed as thoroughly as Senators desire to discuss it, and then to have the amendments offered in order. If that be agreeable, I ask unanimous consent that my amendment may be considered as lying on the table, subject to call at a later hour.

THE VICE PRESIDENT. Without objection, it is so ordered.

Mr. TYDINGS. Mr. President, I submit an amendment to the pending bill, and ask that it lie on the table until I have opportunity to call it up.

THE VICE PRESIDENT. Without objection, it is so ordered.

Mr. TYDINGS. For the sake of the Senate—the amendment is only four lines in length—I should like to read it into the Record, so that Members may know about it:

Provided, That all appointees receiving \$4,000 a year or more, and all chiefs of regional and State agencies established by the Administrator, shall be appointed by the President and confirmed by the Senate.

Mr. BANKHEAD. Mr. President, I present a revision of the original amendment which I offered last Monday, to take the place of the amendment I offered at that time. I should like to have it read at the desk.

THE VICE PRESIDENT. The amendment will be read.

THE CHIEF CLERK. On page 30, after line 13, it is proposed to add the following new subsection:

(f) Notwithstanding any other provisions of this or any other law, no action shall be taken under this act by the Administrator or any other person with respect to any agricultural commodity without the prior approval of the Secretary of Agriculture.

Mr. BANKHEAD. Mr. President, I tender that amendment for immediate consideration. I think a brief explanation of the difference between the original amendment and the one now tendered should be made.

In addition to agricultural commodities, the original amendment included commodities processed or manufactured in whole or in substantial part from any agricultural commodity. The thought of those who prepared that amendment was to include a few commodities that might not be construed as agricultural commodities because they were more or less processed, such as soybeans covering soybean oil and cottonseed covering cottonseed oil. But the preliminary discussions of the amendment developed a line of thought which impressed me as being sound, and that was that the amendment as written would include many manufactured commodities which were not in the mind of the author of the amendment, and which I did not have any thought of including in the amendment. The Senator from Ohio [Mr. TAFT] and others pointed out that it covered many articles, such as clothing, tires, possibly hats and shoes, and things of that sort. Of course, we had no desire to have the amendment cover anything but products dealt with by the Department of Agriculture and in the production and price of which the farmer, the agricultural producer, has a direct, immediate, primary interest. So the amendment now offered has eliminated the point that brought about the friendly criticism and discussion which I accepted, as soon as I heard it, as being sound; so now the amendment is brought right down to agricultural commodities.

Mr. President, I desire to say in the beginning, in view of certain differences of opinion that have developed in the progress of the discussion of the pending price-control bill, and in view of the position taken by the Secretary of Agriculture, which some persons criticize, that the Secretary had nothing to do with the initiation of this amendment or of this movement, so far as I have any information on the subject. This movement came up from the farmers themselves. They believed, and particularly in the beginning their leaders believed, and now the belief has spread to the great mass of farmers throughout the country because of certain action by the Price Administrator who is to be in charge of this program, that agriculture would not be given friendly and sympathetic consideration. They believed that it would be better to have the Secretary of Agriculture in charge of the administration of the largest business institution in this country which is under a single operation. It was not because, as some city newspapers have indicated, they wanted an Administrator who would give them more than they were entitled to have, if he could do so under the provisions of the pending measure.

Really, the first man who came into the open suggesting this amendment or a plan such as that covered by the amendment—though I frankly say I had been considering it—the first to suggest that the Secretary of Agriculture be given

some degree of consideration in connection with the subject of price control and agricultural commodity production was not a man who had any political interest involved or who was actuated by the views of anyone else on the subject, but he was a man who had had more experience with the subject of food supply than any other man in all the world, probably, a man who was invited before the committee, I assume, by the sponsors of the bill, a man who testified that, in addition to having been Food Administrator during the World War, he had been called on not only in connection with the food situation in Belgium, but he had also been invited to England and to Germany for consultation and advice following the conclusion of peace, for a consideration of the problem of food control and food prices. Without further discussion, Mr. President, I may say that that man was the ex-President of the United States, Herbert Hoover, a man of conservatism, a man whose sole motive, I have every reason to believe, was the best interest of America during its present perilous days.

What advice did he give the committee? He discounted entirely the matter of a single control of prices. I shall go into that subject a little further later. He did say, however, that he saw no reason for placing agriculture under a price-control law. It might be well for me to refer briefly to his testimony, so that there may be no question about its proper construction. I read from page 420 of the report of the committee hearings on the pending bill. After discussing the whole problem, Mr. Hoover said, among other things:

My suggestion would be that the Department of Agriculture should be assessed with the responsibility of any ceilings on prices.

Referring to agricultural commodities, of course.

My suggestion would be that the Department of Agriculture should be assessed with the responsibility of any ceilings on prices; that it is hopeless for one agency to handle floors and another one ceilings. In any event, I have not, except for a few limited commodities, much fear that agriculture is going to reach any kind of ceiling without pushing up the floor.

Therefore it seems to me that the handling of farm products is a question of wide vision as to the whole economic situation in agriculture and that the authority to handle all phases should be all in the one place, not divided between a separate Price Administrator and the Secretary of Agriculture.

He stated again:

I would suggest that the Department of Agriculture should take the full responsibility of the whole food line in all directions.

As I have stated, that was when the suggestion now pending was originally brought up for public consideration, except that I may be permitted to say that the pending amendment does not go as far on that subject as Mr. Hoover recommended Congress should go. The amendment would not give to the Secretary what Mr. Hoover thought should be given him, that is, full responsibility in all directions. It would merely give to the Secretary the power to prevent putting into operation programs which in

his best judgment would not tend to promote and accelerate production when additional production was needed, and which would interfere with existing programs, many of which are in operation, and others which are contemplated, not intended by the Department of Agriculture to take special care at this time of farmers, but intended, as the Secretary had a very brief opportunity to indicate, to leave the Department free to look after the subject primarily of increased agricultural production of certain commodities, a scarcity of which might reasonably be expected. Compliance with his desire for such increased production would be based upon his power to pay additional compensation to farmers for switching, forsooth, from one commodity to another, or for increasing production here and there where it was most needed in the progress of our national-defense program.

If I had had the power myself, I should have followed Mr. Hoover's advice and given to the Secretary of Agriculture the same full control which Mr. Hoover had during the World War. We did not have a sole Price Control Administrator during the World War. At that time we had a dual control, as my colleagues will recall, as Mr. Hoover brought out, and as probably others testified before the committee. Mr. Hoover was in charge of the Food Administration, while Dr. Garfield was the administrator of fuels under the Lever Act, one working in one field, the other in another field.

I have not heard of any argument or sound reason why it is absolutely essential to place in the hands of one man power over all the ramifications of business of every type and character. Let us not have the understanding that under the bill the Administrator, whoever he may be, will have almost the power of life and death over every industry in the country. The limitation on the price of farmers' commodities is practically the only limitation in the bill against the exercise by the Administrator of unlimited, uncontrolled, unsupervised power.

The House, when considering the measure, inserted in it a provision for the establishment of a board to review the actions of the Administrator, so as to have some check, some supervisory power, so as to provide that one man should not have unlimited, czarlike power over all business, but the Senate committee, in its good judgment, struck out that provision, and now we have the language suggested by Mr. Henderson, a bill without provision for supervision or control of any sort over Mr. Henderson's findings.

Mr. TYDINGS. Mr. President—

The PRESIDING OFFICER (Mr. SPENCER in the chair). Does the Senator from Alabama yield to the Senator from Maryland?

Mr. BANKHEAD. I yield.

Mr. TYDINGS. The Senator has given this matter considerable thought. I should like to ask him what would happen if the Price Administrator should set a price of so and so on an agricultural commodity, and the Secretary of Agriculture should refuse to approve the price so fixed?

Mr. BANKHEAD. We would not have that price, of course.

Mr. TYDINGS. What price would then govern? The existing price?

Mr. BANKHEAD. The Government does not fix prices. The Senator is talking about price fixing.

Mr. TYDINGS. I mean the ceiling or the floor, whichever the Senator wants to call it.

Mr. BANKHEAD. The bill provides for control, so far as agriculture is concerned, and so far as all other business is concerned there is no control whatever.

Mr. TYDINGS. The bill sets the figure at 110 percent of parity. Since the bill fixes it at that figure, is it the Senator's thought that the Administrator will not carry out the intent of the measure?

Mr. BANKHEAD. No; I do not think that. Let me give the Senator an illustration. Perhaps the food commodities in greatest demand by our friends abroad are fats, oils, and lard. The production of lard is governed very largely by the weight of the hog when he is slaughtered.

Mr. TYDINGS. It depends on whether the hog is fat.

Mr. BANKHEAD. Yes. It depends on whether the hog raiser is encouraged to hold the hog long enough to get a greater amount of lard from the hog than he would ordinarily. Under the provisions of the bill the Administrator, Mr. Henderson, would prevent that being done, unless he relaxed the general order, which he would doubtless make, fixing a ceiling on all agricultural commodities at the figure fixed in the bill. Unless Mr. Henderson relaxed the order, the Secretary of Agriculture would be powerless to do anything. The Secretary is already committed to encourage increased production of certain commodities, I will say to the Senator, at the instance of the administration. Last fall the announcement was made that encouragement would be given by the Department of Agriculture to the production of more of certain commodities, including lard, fats, and oils, and also soybeans. We all know that the production of lard has increased. The farmers everywhere were notified that if they would change their normal and ordinary methods of production and marketing, if they would plant more corn and more soybeans, an additional price would be provided by the Department of Agriculture to encourage them and to compensate them for that unusual and extraordinary operation.

The Secretary issued a statement giving that encouragement to producers. I am told the Secretary was authorized to make the statement. The question now is, Will he be allowed to carry out that program? Will he be allowed to make other arrangements of the same sort when conditions justify?

Mr. BARKLEY. Mr. President, will the Senator yield to me for a suggestion regarding the question of the Senator from Maryland?

Mr. BANKHEAD. Yes.

Mr. BARKLEY. The suggestion pertains to the Senator's amendment. If the Senator's amendment should be adopted, which, as I understand, provides that the Price Administrator may

not fix any price on an agricultural product without the approval of the Secretary of Agriculture, it would mean, of course, that the Administrator would have to have the Secretary's approval. He could not fix a ceiling or maximum price—and that is all the bill authorizes him to do—without the approval of the Secretary of Agriculture. If he contemplated fixing the maximum price on any agricultural product and did not have the approval of the Secretary of Agriculture, he could not promulgate such maximum price. There would be either no maximum price on the product, or he would have to go up until he reached the point at which the Secretary of Agriculture approved the figure.

Mr. TYDINGS. That is what I said.

Mr. BANKHEAD. That is what I stated.

Mr. TYDINGS. I am only asking for information. I have an open mind on the Senator's amendment.

Mr. BANKHEAD. I am pleased to hear the Senator make that statement.

Mr. TYDINGS. Let us assume that the general price ceiling is 120, to take a figure, on industrial products, and let us suppose that the parity price, as set forth in the bill, which fixes the floor on agricultural products rather than a ceiling of 110, is in existence. How can the Price Administrator establish a fair ceiling over all lines of American activity if the Secretary of Agriculture does not feel that the price which the Price Administrator has set for agricultural products is a fair one, even though the Price Administrator is convinced that the ceilings are equitably adjusted?

Mr. BANKHEAD. Mr. President, I doubt if any ceiling on specific commodities can be fixed by Mr. Henderson or by the Secretary of Agriculture, because of its relation to the price structure of all industry or all wages. I do not believe it is possible. For that reason a general standard is laid down in this measure of 110 percent of parity, or the prices to which the law of supply and demand had brought the level on the first day of October 1941.

Mr. TYDINGS. Of course, my conception of what the Price Administrator will do is not in line with the Senator's observation.

Mr. BANKHEAD. I do not think the Senator ought to interfere with my statement to make an argument. I am glad to answer a question, but I do not think the Senator should ask me to yield so he may make an argument.

Mr. TYDINGS. I desire to tell the Senator what is in my mind, and then I shall ask the Senator a question. For example, with the situation that now exists, with the demand for materials, with great governmental expenditures and tax programs, I think the Price Administrator must find some place where he can stop the rise of prices. On some articles he may not have to fix a price, and on others he will have to fix a price. What I am wondering is how he can stabilize the level at 120, or 110, or 115, or 125, unless he has authority to deal with the whole situation. If someone else who has part of the authority will not

agree with him, then his whole plan with respect to leveling of prices goes out the window.

Mr. BANKHEAD. Mr. President, the answer to that question is very simple to one who wants to understand it, and I assume the Senator does.

Mr. TYDINGS. I surely do. I asked the question in good faith.

Mr. BANKHEAD. Who is the boss of both these men? Who is the outstanding commander of all these departments? How long does the Senator think the President would permit the Secretary of Agriculture to adopt a capricious and arbitrary position with reference to price fixing on agricultural commodities?

Mr. TYDINGS. Does the Senator wish me to answer?

Mr. BANKHEAD. No. I have answered the Senator's question. Let me proceed with my statement.

Mr. TYDINGS. The Senator has asked me a question. I should like to answer him.

Mr. BANKHEAD. Very well. I will ask the Senator to confine his remarks to the answer.

Mr. TYDINGS. To my mind, the President of the United States is, and is going to be, too busy a man to deal with matters concerning the power which has already been delegated to someone else, but certainly, in my judgment, he is going to be called on to give additional time to those matters if two administrators are in a dispute over something.

Mr. BANKHEAD. Mr. President, if the Price Control Administrator is at all reasonable, he will not find himself in such an arbitrary and absurd position as that indicated by the Senator from Maryland. Everybody knows that the present Secretary of Agriculture is a reasonable, cautious, prudent man, and would not take any crazy, absurd position which would intentionally throw agriculture out of line with everything else in the country.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. NORRIS. No man in charge of price fixing, no matter who he might be, would know enough to be informed about almost every activity of humanity and all the various things the prices of which he might be called upon to fix. Does not the Senator agree that if we are to fix prices at all, the authority, whoever he may be, ought to have absolute control of everything on which a price might be fixed?

Mr. BANKHEAD. No.

Mr. NORRIS. The Senator does not agree to that?

Mr. BANKHEAD. If I did, I should not have offered the amendment.

Mr. NORRIS. That is one of the things I wished to inquire of the Senator. The Senator has answered the question very frankly.

Mr. BANKHEAD. My amendment would not be consistent with that idea.

Mr. NORRIS. No; I do not believe it would. The Senator is perfectly consistent in his answer. As I understand, the effect of the amendment would be to divide the authority, and put a part of it

in the hands of one man and a part of it in the hands of another man. That would be the effect of it, would it not?

Mr. BANKHEAD. Not as fully as the Senator states it. The authority would still be in the Price Control Administrator, but he would have to obtain the approval of the Secretary of Agriculture. The Secretary of Agriculture would have no power to initiate regulations.

Mr. NORRIS. I understand that. If the Administrator must have the approval of the Secretary of Agriculture, will not the result be that he must fix a price on agricultural products which meets the judgment of the Secretary of Agriculture?

Mr. BANKHEAD. Very frankly, that is the object of the amendment. The judgment of the Secretary of Agriculture would govern on such problems.

Mr. NORRIS. What about the Secretary of Commerce, or some other secretary? If we should open the door and divide the responsibility, would we not run into a maze of difficulties which would make it impossible to operate successfully if the bill should become a law?

Mr. BANKHEAD. I do not think so. No other department of the Government is comparable with the Department of Agriculture in its multitudinous ramifications, in the multitude of people with whom it deals, and in the number of problems with which it is concerned. The only department engaged in business is the Department of Commerce. It does not sell anything. It has nothing to sell, and no control over anything that is sold. With respect to that Department, the House provision reserved to the Secretary of Commerce, or the Reconstruction Finance Corporation, which is the same thing, the power to continue the purchase of strategic minerals. Such activities would be taken from the control of the Price Administrator. The Senate committee struck out that provision.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. OVERTON. In reference to agriculture, for a number of years the Congress of the United States has been undertaking to help the farmer and to build up the agricultural industry. In order to accomplish that very desirable purpose it has enacted many laws and has placed vast authority in the hands of the Secretary of Agriculture, all with a view to maintaining, sustaining, and benefiting our agricultural industry.

No other industry is regulated by the Federal Government to nearly the extent to which the agricultural industry is regulated by the Department of Agriculture. Under the Sugar Act the quantity of sugar beets or sugarcane which may be planted is regulated. The prices to be paid labor in the field, and various other problems connected with that great industry, are regulated by the Secretary of Agriculture. Under the Agricultural Adjustment Act very largely what the farmer does, how much he may plant, and other things connected with his business are regulated by the Department of Agriculture. On top of that, through various agencies, the Federal Govern-

ment lends money to farmers under requirements which are very regulatory in their nature.

Speaking of difficulties, the point I desire to make is that if we have a price administrator who fixes a certain price on a certain agricultural commodity and another price on another agricultural commodity without cooperation with the Agriculture Department, the result may be, and probably will be, that the Price Administrator will be working at cross purposes with the Secretary of Agriculture. The Secretary of Agriculture is trying to build up production, or to curtail production, and to put a floor under prices which the farmer shall receive. All he is trying to do to aid the farmer may be largely impaired, if not wholly destroyed, by acts of the Price Administrator in fixing prices, which, after all, is a fundamental consideration in undertaking to regulate agriculture.

The point I am making is that it seems to me that if we take from the Department of Agriculture the coordinate authority to fix prices we shall largely undo what we have been undertaking to do for more than a decade in the interest of the farmers of the United States. Am I not correct?

Mr. BANKHEAD. I think the Senator has made a very powerful contribution to this discussion. I am in full accord, and agree with his entire statement.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. CONNALLY. In answer to the Senator from Louisiana and other Senators, why would it not be well to turn this amendment around, have the Secretary of Agriculture fix prices, and let him consult Mr. Henderson? It is said that the amendment would work the other way. The Secretary of Agriculture could be required to consult Mr. Henderson before fixing prices. He would not have to do anything except consult him. He would not have to follow his advice.

Mr. BANKHEAD. The trouble about that suggestion is that apparently Mr. Henderson wants all the power.

Mr. CONNALLY. Exactly. The opponents of the amendment say that if Mr. Henderson is required to consult Mr. Wickard that will take care of the farmer. Why not give Mr. Wickard the power to fix prices, and let him consult Mr. Henderson? He would not have to do what Mr. Henderson said. He would only have to consult him.

Mr. OVERTON. To put it another way, I see no objection to saying that the prices of agricultural commodities shall be fixed with the joint approval of the Secretary of Agriculture and the Price Administrator.

Mr. CONNALLY. The result would be that they would not be fixed. The two would not agree. They would be like the two O. P. M. heads, Mr. Knudsen and Mr. Hillman. Effective biting cannot be done with two heads. I merely suggest that solution to the Senator. I do not think the suggestion would be agreed to. The suggestion has been made that if the amendment would work one way, it would work the other way. Give Mr.

Wickard the power to fix prices, and let him call on Mr. Henderson and consult him. He could consult him, and then go ahead and do what he pleased.

Mr. BANKHEAD. The trouble is that Mr. Henderson would not agree to that.

Mr. CONNALLY. Of course, he would not. When he consulted Mr. Wickard he would not have to do what Mr. Wickard wanted. Consultation would not mean anything. It may be said that when I walk into the Chamber and say, "Good morning, Senator BANKHEAD," I have consulted the Senator. That is all there is to it.

Mr. BANKHEAD. In politics we often hear the expression, "I will speak to so and so for you." When we meet so and so we say, "Mr. Jones asked me to speak to you, and I have spoken." That is about what would happen. Mr. Wickard would go over and say, "Good morning, Mr. Henderson. Do you want to consult me?" Mr. Henderson would say, "Yes." Mr. Wickard would say, "Well, I am consulted." That would be all there would be to it.

Mr. BANKHEAD. Mr. President, I now quote a little further from Mr. Hoover's statement:

I feel that that idea of any ceiling on agricultural prices not only lacks a certain realism but it lacks practical administration. As I see the economic picture of the war as a whole, if the Secretary of Agriculture had the responsibility for the whole problems involved in agricultural production and food prices and was given all the authorities that are here proposed, obviously he is going to consider the broad situation of the country economically. As an efficient official he would not wish to advance agricultural prices beyond the general level of prices; otherwise he becomes the person responsible for creating inflation through undue costs of living and rising wages. I would rather leave those things to the judgment of men involved in these responsibilities than to try to fix ceilings in agricultural prices.

I do not believe that agriculture is ever going to get up to 110 of parity. I do not think it is realistic. That is my judgment as to the practical problem. I would rather rely on the Secretary of Agriculture to handle the problem. He will be more busy putting floors under agricultural prices below parity than ceilings above parity.

That is the judgment of a man whose experience on this subject, as I have indicated, is wider than that of any other man now living.

At other places in his testimony Mr. Hoover pointed out, as others have done from time to time, that inflationary prices come only from scarcity; that prices cannot be run up abnormally to an inflationary point unless there are more buyers with money to pay than there are producers with commodities to sell at a reasonable price. So all economists everywhere agree that there is no danger of inflationary prices until scarcity appears. They all agree, and the testimony is without dispute, that at this time there is no scarcity in this country of the principal agricultural commodities, but, on the contrary, there are unprecedented surpluses. The warehouses and the granaries are filled to overflowing with corn, wheat, cotton, tobacco, and rice; and, of course, with that situation there can be no scarcity.

Now let me point out briefly to the Senate the quantity on hand of supplies of the great basic commodities. Inflation is not brought about by high prices for turnips, or parsley, or anything of that sort. There must be excessive prices for the great commodities which go into everyone's home, which spread money all over the country, in order to bring about inflationary agricultural prices.

At this time there are on hand 1,100,000,000 bushels of wheat. I got these figures yesterday from the Bureau of Agricultural Economics. The Government owns 170,000,000 bushels of that wheat, and holds 350,000,000 bushels under Government loans. It is estimated that next July, at the beginning of the new marketing year, there will be on hand, subject to sale, subject to the requirements of the consumers of the country, a carry-over of 663,000,000 bushels of wheat. The normal average commercial consumption of wheat is only about 500,000,000 bushels, as is known by all Senators who have taken an interest in wheat. About 150,000,000 additional bushels are used for feed and seed, making a total annual consumption of about 650,000,000 bushels.

In other words, according to the Government officials, when the new crop comes to market we shall have on hand the normal supply for an entire year, even if we do not produce a single bushel of wheat during that year. Canada is overloaded with wheat. A short time ago the Canadian warehouses were overflowing with wheat, and a large amount of wheat had been piled on the ground for lack of storage facilities.

So, with such a large supply of wheat, how can it be said that there is any danger of inflationary prices? Why this alarm? Why does Mr. Henderson appeal so actively for full power to hold down prices for fear of inflationary prices, without even being willing to have the Secretary of Agriculture allowed to exercise his judgment on some of these things—the Secretary of Agriculture, who is an agent of the President of the United States and a member of his Cabinet. If the Secretary of Agriculture cannot be trusted, he ought to be put out of office. His knowledge about this problem is bound to be greater than that of Mr. Henderson, who has no experience in agriculture, who has no organization in all sections of the country to inform him.

Mr. NORRIS. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. NORRIS. I do not believe the Senator is justified in the insinuation that those who oppose the amendment are suspicious of the Secretary of Agriculture. I never have had that idea, and I never have heard it expressed by anyone.

Mr. BANKHEAD. A moment ago the Senator heard the inquiry and the suggestion of the Senator from Maryland, did he not?

Mr. NORRIS. Yes; and I, myself, made some suggestions.

Mr. BANKHEAD. The Senator did not go along with the suggestion of the Senator from Maryland, did he?

Mr. NORRIS. That did not make any difference, in my judgment. I would not be at all opposed to having the present Secretary of Agriculture given the power that the bill gives to the man who shall fix prices.

Let me ask the Senator, then, if that element comes into the question: Suppose the Senator could be assured that ex-President Hoover would be appointed as price fixer—and the Senator says he is one of the greatest authorities in the world—

Mr. BANKHEAD. I said on that subject.

Mr. NORRIS. And I agree with the Senator.

Mr. BANKHEAD. Very well.

Mr. NORRIS. Would the Senator desire, even then, to give the Secretary of Agriculture power to fix prices of agricultural products?

Mr. BANKHEAD. Without hesitation, I say, "Yes."

Mr. NORRIS. That is a frank answer, and I am glad to have it.

Mr. BANKHEAD. I say that because I do not think Mr. Hoover has the particular qualifications and the current information on agriculture and the recurring actions in agriculture necessary to give him the intimate acquaintanceship with the program that should be possessed by one who is charged not solely with price fixing but with supplying our country and our Allies with the necessary food.

Mr. NORRIS. But the person does not live, it seems to me, whose information about everything upon which prices may be fixed is sufficient to enable him to do justice to the problem without consulting other persons who have such information. In other words, we cannot get the superhuman man whom I should like to get, and for whom the Senator apparently is looking, to administer this law.

Mr. BANKHEAD. No; and that is the reason why I am asking for some division of power, because the Senate does not have a superhuman man available, and it cannot get one. That is why there should be some division of power.

Mr. NORRIS. It seems to me that a division of power would destroy the effectiveness of the whole act.

Mr. BANKHEAD. It did not destroy the Food Administration under Woodrow Wilson's Presidency.

Mr. President, let me proceed with the discussion, and ask Members of the Senate with an inquiring mind whether any fear of agricultural inflation can be justified? There may be such an assertion on the part of some man who wants the power to control prices, but it cannot be maintained under the accepted philosophy of all economists that in order to bring about inflation a scarcity is necessary, and there cannot be inflationary prices with an abundant supply, because of the law of supply and demand.

Now, let us see what the facts are with reference to the other great basic commodities. Let us take corn. We had on hand on October 1, 3 months ago, 3,307,000,000 bushels of corn. Of that amount 155,000,000 bushels were owned by the Government, and 195,000,000 bushels were held under loans. The estimated

carry-over on July 1 next, which will be the beginning of the corn marketing year, the time when a new crop will be moving into the market, is 555,000,000 bushels. So there will be available a sufficient surplus of corn to feed the people if no corn crop was made next year, and, while I did not procure the figures it is my recollection—perhaps some Senator from a corn-growing State can correct me if I am wrong—that the supply available will be more than the normal quantity of corn used commercially for a whole year.

What is the situation with reference to tobacco, which is the chief commodity of the State of my good friend the leader of the majority? On November 30, 1941, there were 4,280,600,000 pounds of tobacco on hand. Of that amount 298,321,000 pounds were owned by the Government, and an additional amount of 68,533,000 pounds was under Government loans. The carry-over on July 1, the beginning of the tobacco marketing year, in addition to the amount which will be on hand when the new crop comes in, is estimated by the Department to be 2,943,000,000 pounds, which is more tobacco than all the tobacco chewers and nontobacco chewers of this country can use for a year.

What is the situation with reference to cotton? On November 30, which was quite recently, there were on hand in this country 18,868,000 bales. Of that amount the Government owns 5,607,000 bales, and 1,008,000 bales were under loans. The amount under loans since that time has been increased to one million five hundred or six hundred thousand bales. The estimated carry-over of cotton on July 1 of this year, 1942, is 9,850,000 bales. It is estimated that we will have as a surplus, as a carry-over to be mixed with next year's crop, on August 1, 1942, the beginning of the cotton-marketing year, almost a year's supply of cotton for domestic consumption. We have no exports. We consumed this year a little over 10,000,000 bales. So, we will have almost a year's supply of cotton on hand, if we do not produce a single pound of cotton during the coming year.

Why be alarmed about these commodity prices? Why be afraid that the Secretary of Agriculture will let the prices of these commodities run away? He cannot let them run away; he cannot make them run away; and they will not run away. What consumer is going to bid up the prices of various basic commodities when there are great quantities of them standing in the market place to be bought?

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. BANKHEAD. I am glad to yield to the Senator from Texas.

Mr. CONNALLY. Has not the Government now authority to release a certain amount of cotton and sell it from month to month?

Mr. BANKHEAD. Yes; and it is doing it; and is doing it also in the case of wheat. I do not think the Department ought to sell below the present prices.

Mr. CONNALLY. They could, from time to time, if the price got out of hand, release the Government-owned cotton.

Mr. BANKHEAD. The Secretary is doing it now.

Mr. CONNALLY. I know he is. According to the newspapers, he is selling about 300,000 bales a month.

Mr. BANKHEAD. I do not know how much, but he is releasing a great quantity, and he is also releasing wheat, although the consumers and the trade do not need it.

Mr. O'DANIEL. Mr. President—

Mr. BANKHEAD. I yield to the Senator from Texas.

Mr. O'DANIEL. Under laws which are now in effect, which have been passed by the Congress with reference to agriculture, certain powers have been placed in the hands of the Secretary of Agriculture, whereby he controls acreage and other elements pertaining to agriculture. Is it not a fact that those laws are virtually price-control laws?

Mr. BANKHEAD. Yes; there are a number of them.

Mr. O'DANIEL. So far as controlling agricultural products is concerned it is the Senator's contention then, is it not, that inasmuch as this form of price control has already been lodged in the hands of the Secretary of Agriculture, the Senator's amendment would not give him any additional authority? The Senator is not proposing to take any powers away from the Price Administrator, but to keep the powers for controlling prices which have already been delegated, in the hands of the agency to which they have been delegated, namely, the Department of Agriculture?

Mr. BANKHEAD. The Senator presents a very interesting thought. The Department of Agriculture, from experience, is practically trained in price-fixing and price-administration of the various agricultural commodities.

Mr. DOXEY. Mr. President, will the Senator yield?

Mr. BANKHEAD. I will be glad to yield, but do not let me forget to finish the answer to the Senator from Texas.

Mr. DOXEY. I beg the Senator's pardon.

Mr. BANKHEAD. If the Senator will wait until I finish the answer, I shall be glad to yield to him.

Mr. DOXEY. Certainly; I shall be glad to wait.

Mr. BANKHEAD. As I said, the Department of Agriculture has had wide experience in the administration as well as in the making of price-fixing programs. Let me call the attention of those who are interested to a few examples, as I hurriedly recall them. One of the outstanding ones was the placing in the control of the Department of Agriculture the administration of the most important and the most valuable price-fixing agricultural program, in my judgment, that has ever been enacted by the Congress of the United States. It gives me very great gratification to state that on the passage of the bill fixing the loan rate for basic agricultural commodities at 85 percent of parity every Member of the Senate, except two, who went on record on a yea-and-nay vote voted for it. The attitude manifested at that time afforded me a great pleasure and satisfaction, for, in addition to the 75 Mem-

bers who voted for it and 2 against it, 14 more were announced on the floor as being in favor of it, but necessarily absent, making a total of 89 Members of the Senate who then were in favor of turning over to the Department of Agriculture the administration of this widespread and important price-fixing program. He did not fix the price, but he administered the program, and Congress had sufficient confidence in him to turn over its administration to him; and, as everybody knows, it is being administered impartially, fairly, and with satisfaction to all groups of farmers and all sections of the country.

Mr. O'DANIEL rose.

Mr. BANKHEAD. I hope the Senator is not impatient. Let me develop this thought a little further.

In addition to that, the Congress at the last session passed what is known as the Steagall bill, which the chairman of our subcommittee, the Senator from Michigan [Mr. BROWN], the sponsor of the pending bill, handled in a masterly way on the floor of the Senate, and showed an amazingly wide range of information and a wide interest in the farmers. At that time the Congress turned over to the Secretary of Agriculture the administration of a new price-fixing program, one that is of the very greatest importance now, to the effect that when the Secretary of Agriculture announced that increased production of certain agricultural commodities was important or valuable to the country—I do not remember the exact language, but that is the thought—he was authorized, out of the billion and a half dollars appropriated to the Commodity Credit Corporation, to pay the farmers for the increased production needed in national defense, or to make loans—which was it, Mr. President?

Mr. BROWN. It was to make loans.

Mr. BANKHEAD. Very well; it is virtually the same thing.

Mr. RUSSELL. He had both powers.

Mr. BANKHEAD. That is the way I recall it. We looked into it. He was authorized to pay the farmers or to make loans to the amount of 85 percent of the parity price on those commodities outside of the list of basic commodities. Today the Secretary has programs, and has made promises and given assurances to the hog producers, for instance, and to certain producers of vegetable and edible fats and oils, that they will receive an increased price as an encouragement to them to abandon previous practices, to devote new and additional corn and other food supplies to the production of edible fats and oils, and possibly to change acreage from one crop to another. There the Department of Agriculture stands today, with those programs entrusted to it, laboring to maintain and increase not only the food supply of this country but the additional supply which is needed for our democratic allies across the sea.

It is absurd to come here now and say that that whole subject ought to be put in the hands of some one man. I am not criticizing Mr. Henderson. If he had all the wisdom of Solomon, he could not know all about business and industry and

agriculture. In my judgment, without taking this great agricultural program under his control, he has more than any one man can do in a satisfactory way in handling all the other business affairs of the United States.

Mr. RUSSELL. Mr. President—

Mr. BANKHEAD. I yield to the Senator from Georgia.

Mr. RUSSELL. I dislike to delay the Senator from Mississippi [Mr. DOXEY] in asking his question; but, while dealing with this question, I hope the Senator from Alabama will not overlook the operations of the Federal Surplus Commodities Corporation. Over the past several years the Department of Agriculture has had a sum which I am quite sure will aggregate more than a billion dollars which it has used in an effort to fix and maintain prices of commodities other than the basic commodities.

Mr. BANKHEAD. It is important to retain under the Secretary of Agriculture the control of prices of milk and other commodities which are governed by marketing agreements. Mr. Henderson has no organization for that purpose. He has no knowledge of the subject. I do not know whether he has anybody in his organization who does; but, in the case of these great problems of interest to so many farmers, it is important that the man with the responsibility shall know what he is doing and why he is doing it, shall know whom to consult about it, and shall have some understanding from experience of the result of orders he may make.

I now yield to the Senator from Mississippi [Mr. DOXEY].

Mr. DOXEY. Mr. President, I desire to say to the distinguished and able Senator from Alabama that my purpose in asking him to yield was to propound a question and to make a brief observation. Knowing the distinguished Senator's thorough grasp of the agricultural situation and familiarity with existing laws—and I think we will all agree that agriculture today is regulated to a greater extent than is any other industry or commodity—and in view of the statements and facts as to surpluses and kindred matters which the Senator has presented, I desire to ask him whether there is really, in his judgment which I value most highly, any urgent or great need at this time, as he sees the matter, for price regulation of agricultural commodities.

Mr. BANKHEAD. I have just submitted the argument, and I assert it boldly, that there is no sort of reason for it based upon generally accepted and well-recognized economic laws.

Mr. DOXEY. I thank the distinguished Senator.

Mr. BANKHEAD. It may develop at some time. If it does, that will be the time to deal with it.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. RUSSELL. It has been urged here that there is something inconsistent in dividing the authority between the Price Administrator and the Secretary of Agriculture, in requiring the approval of any price fixing by the Sec-

retary of Agriculture. In my opinion, such an amendment is thoroughly consistent with the whole theory of this bill.

On page 29 of the print, in subsection (b), the bill as reported gives the Secretary of Agriculture at this time power to establish prices by arriving at comparable prices which are not in line with parity; and certainly it would be conducive to efficient administration to give him power to approve price-fixing regulations which are arrived at by the administrator of the act, rather than having him go through the devious course provided in the bill of altering the parity prices as he is authorized to do in subsection (b) of the bill.

The Price Administrator might fix the price of some commodity at 110 percent of parity. The Secretary of Agriculture then, under the express terms of the bill, could conduct a hearing and change that parity price to a comparable price, and upset the action of the Price Administrator. It would be much more effective in the administration of the act to have the action of the Price Administrator approved by the Secretary of Agriculture in the first instance, rather than to have the Secretary of Agriculture required to go into the question of establishing comparable prices, as he is authorized to do in subsection (b) as it appears on page 29.

Mr. BROWN. Mr. President, will the Senator yield for an observation?

Mr. BANKHEAD. I yield.

Mr. BROWN. Both the Senator from Alabama [Mr. BANKHEAD], the sponsor of this amendment, and the Senator from Georgia [Mr. RUSSELL] seem to argue that the Price Administrator and the Secretary of Agriculture would be able to fix prices and parity according to their own judgment of what prices or parity should be. Both Senators, at least for the time being, overlook the fact that the Price Administrator may fix prices of commodities only within the standards and limitations contained in the bill. The Senator has been arguing that agricultural prices are not going to reach 110 percent of parity, that they have a long way to go—

Mr. BANKHEAD. I did not say that. I did not refer to the great basic commodities. I referred to turnips, celery, lettuce, and similar commodities.

Mr. BROWN. The Senator quoted his favorite authority, Mr. Hoover, who made a very plain statement in the committee, as appears in the report of the hearings. I think Mr. Hoover used the word "silly," stating that it was silly to think that agricultural prices were going to reach 110 percent of parity. If that be the fact, why all the pother about the thing? The Senator from Georgia also refers to the right of the Secretary of Agriculture to readjust parity. He may do so, but he must do so according to the standards set forth in the laws under which he operates. He cannot do so by his mere say-so, by his fiat. The standards established by law control him.

Mr. RUSSELL. With the exception of the basic commodities, which are specifically excepted, the Secretary of Agriculture, if I understand the language in

subsection (b), can fix any price he desires, on any commodity. Of course, the Senator from Michigan is the author of the bill, and reported it, but I wish to read the section to him.

Mr. BROWN. I think the Senator misreads it. "The Secretary shall determine and publish a comparable price."

The PRESIDING OFFICER. Does the Senator from Alabama yield, and, if so, to whom?

Mr. BANKHEAD. I am willing to yield, so long as I do not lose the floor, because we are having a pertinent and useful discussion.

Mr. BROWN. I read from the bill:

The Secretary shall determine and publish a comparable price, whenever he finds, after investigation and public hearing, that the production and consumption of such commodity has so changed in extent or character since the base period as to result in a price out of line with parity prices for basic commodities.

That is the standard set down in the bill. The language comes from a law already on the books. He cannot determine comparable prices capriciously, or arbitrarily. He must follow the rules which are established. I think the Senator puts his finger on an argument which is against his proposition, when he thinks he is arguing in favor of it.

Mr. RUSSELL. That is a question of opinion. The Senator agrees that after a hearing the Secretary of Agriculture can, with respect to commodities other than basic commodities, fix a comparable price which would be binding on the Price Administrator.

Mr. BROWN. The key to the provision is in the word "comparable." It must be comparable to the other prices.

Mr. RUSSELL. I understand.

Mr. BROWN. In relationship to all other prices.

Mr. RUSSELL. Not in relationship to other prices but with relation to the production and consumption of such commodities as affect parity. It refers to the production and consumption of the commodities with which the Secretary is dealing.

Mr. BROWN. So long as we adhere to the term "parity" as it is written in the various statutes to which reference has been made, "parity" imports the relationship between commodities which go to make up the prices paid index and the prices received index—that is, the prices paid and received by farmers.

Mr. RUSSELL. The point I was making was that the bill as reported by the committee delegates to the Secretary of Agriculture—and with deference to the Senator from Michigan, within limitations—the power to fix prices on certain commodities other than the basic commodities, and his action in that respect, within the limitations of the bill, is binding on the Price Administrator. What cogency is there to the argument that we cannot properly let this be a divided authority when within the limitations of the bill it is already a divided authority with respect to commodities other than the basic commodities?

Mr. BROWN. I know that the confusion which the Senator's remarks indicate does not exist in his mind. There

is no authority conferred on the Secretary of Agriculture by this section to fix prices. He determines parity, which is a limitation upon the power of the Price Administrator, below which the Price Administrator may not go if he operates upon a particular commodity in question.

Mr. RUSSELL. Confusion may be in the mind of the Senator from Georgia, but if this language means anything, the Secretary has the right to fix prices. In line 16 we find this language:

The Secretary shall determine and publish a comparable price.

It does not say anything about parity, it says "a comparable price," that is for the agricultural commodity. He may do that with respect to any commodity except the basic commodities. If the language of the bill reported by the Senator means anything, the Secretary of Agriculture does have the right to establish a comparable price, and it applies solely to the production and consumption of the article.

Mr. BROWN. The Senator knows that when the Secretary of Agriculture fixes that price, it is not a price which would be binding upon anyone. And the test of that is the fact that if the Price Administrator took no action, there would be no ceiling established, even if the Secretary had determined a comparable price. Anyone could still sell the commodity at any price. The comparable price determined by the Secretary is a limitation which is binding upon the Price Administrator; he may establish no ceiling below 110 percent of that price. The Secretary does not fix the price in the sense of fixing a maximum price for a particular commodity. He merely establishes a comparable price designed to bring that commodity into relationship with other commodities for which parity prices have been determined.

Mr. RUSSELL. I am willing to leave it to anyone who hears that to say who is making a devious argument as to the powers conferred on the Secretary of Agriculture by this section. The Secretary of Agriculture is specifically authorized to establish a comparable price.

Mr. BROWN. Which becomes an equivalent to a parity limitation in the bill.

Mr. RUSSELL. It becomes parity; but if the Secretary of Agriculture fixes parity, he does something which is binding on the Price Administrator.

Mr. BROWN. Our entire difference is simply this: I contend that what he does is to fix a limitation upon the Administrator, but not a price above which the commodity may not be sold.

Mr. RUSSELL. The language in the bill reported by the Senator says "fix a comparable price."

Mr. BROWN. Yes, but as I have tried to explain, that price is merely a limitation.

Mr. RUSSELL. Anyway, it authorizes the Secretary of Agriculture to fix the prices of commodities other than basic commodities.

Mr. O'DANIEL. Mr. President, will the Senator from Alabama yield?

Mr. BANKHEAD. I yield.

Mr. O'DANIEL. I think it well that we should endeavor to get the right perspective in this discussion. I think the distinguished Senator from Alabama is handicapped by being forced to defend the Department of Agriculture, as he has done for many years, by this method of offering an amendment to a price-control bill. I think we should keep well in mind that there is no price-control law on the statute books, but that there is an Agricultural Adjustment Act. At the time the Agricultural Adjustment Act was set up we were in a deplorable condition in this country. We hear talk about being in a state of emergency now. I agree that we are; we are in a terrible war and in a great emergency. But we have been in a great emergency prior to this time, so far as agriculture has been concerned, and the act was set up by the Congress for the purpose of protecting, encouraging, and developing agriculture. It was expected that in the process the prices would be controlled by methods of control over the acreage planted and through other forms of controlling prices, including storage, loans, purchasing, and selling agricultural products.

I think it goes without saying that a good job has been done by the Secretary of Agriculture. I do not know of very much objection that has been raised. If the point which the able Senator from Alabama is bringing forward now were presented to us in the form of an amendment to the Agricultural Adjustment Act, in the form of a proposal to set up another man to handle prices in conformity with the Agricultural Adjustment Act, and thus divide the authority now enjoyed by the Secretary of Agriculture, I do not believe very many Senators would vote for that kind of an amendment to the Agricultural Adjustment Act. But the approach is now made from a different angle. It is the same thing, but we are coming at it from a different direction.

The Senator from Alabama is trying to maintain the control of agriculture in the Secretary of Agriculture. He is not trying to take anything away from the Price Administrator, because we have no price-control law. The enactment of such a law is what is under discussion now.

I appreciate the manner in which the Senator is attempting to bring that point out, and I think if we should look at it with that perspective we certainly would not feel any justification whatever for taking powers away from the Secretary of Agriculture and putting them in another department which we contemplate establishing. The approval of the Bankhead amendment will prevent taking the present power of indirect price control of agricultural products from the Secretary of Agriculture, where it now is and where it has been successfully handled for several years.

Mr. BANKHEAD. I thank the Senator. I think the additional viewpoint he has presented is highly interesting, and entirely sound. I merely give this emphasis to what he has said: I doubt whether the sponsors of the bill are trying to take this control over agriculture

from the Secretary. If such an amendment were presented to the Agricultural Adjustment Act they would fight it as hard as anyone on the floor of the Senate, or harder. If there were an attempt to deprive the Secretary of Agriculture of the power under the price-fixing acts now on the books, they would bitterly resent it. I am glad the Senator brought that out. But do not forget that Mr. Henderson wants this power. It is merely a question whether we are going to accede to his wishes on that subject, and upset the old-established Department of Agriculture, with which the farmers of the country are familiar, and which has their cooperation. The Department is trying to cooperate with the farmers regardless of section and regardless of politics.

It is now sought to have the administration of the affairs of that great mass of producers, so essential to carrying on this war, and so essential in times of peace also—it is now sought, bitterly against their wishes, I assert, to have their affairs taken out of the Department of Agriculture and to put under the control of a man, a good man, forsooth, but a man who has never dealt with agriculture, who is not familiar with agricultural problems, who must rely upon subordinates recently selected, and doubtless not selected with a view even of their knowledge of agriculture. He must take their statements respecting these great questions without sufficient personal information of his own to know how to appraise their reports, and without knowledge as to how to seek additional information on points which do not seem clear to him. He has no way of having such information except through those subordinates. He does not know who else to go to for information, because he is not acquainted with the situation, as the Secretary of Agriculture is and has been during many years.

Mr. President, why do we find this great opposition to leaving the Department of Agriculture in its present status, as the Senator from Texas [Mr. O'DANIEL] said, with reference to all questions of production as well as prices? Those two subjects are related so closely that they cannot be separated if we are to have a successful continuation of food supply.

Mr. Henderson emphasizes prices altogether, so far as I know. I know that his dominant thought is to prevent inflation. But I have heard of no suggestion having been made by the advocates of this bill, by its sponsors, in the committee or out of it, that production is a major factor in a price-control program. I submit that in times of war, in the difficult days ahead of us, in view of the fact that we have undertaken the responsibility of feeding our democratic allies to the extent that is necessary, and so far as we are able to do so, we should be careful not to endanger the successful program of production.

I emphasize again Mr. Hoover's position with respect to this matter. He listed 14 different propositions which were important. He put price control

ninth on the list, and production he placed first on the list. Any thoughtful man knows that certainly until a price becomes inflationary, or almost prohibitive, stabilized production or increased production, even though the increased production costs more money, is the outstanding and important problem with which the Congress must deal, so far as agriculture is concerned.

Mr. President, the Senator from Michigan [Mr. Brown] has left the Chamber. He was obliged to leave, and will be back a little later. I shall not say anything in his absence and I will not say anything in his presence that is not kindly about him, because he and I are friends, and I greatly admire him. But he said that I had mentioned Mr. Hoover repeatedly with approval. I wish to suggest that if he makes the same arguments here that he did in the committee, he will likewise mention Mr. Hoover with approval when he comes to other phases of the price-control bill. When he comes to the subject of excluding labor from the provisions of the bill, I imagine Senators will hear the junior Senator from Michigan—for I heard him when he talked about the matter in the committee—quoting Mr. Hoover with strong, emphatic approval. It seems to me that, so far as he and I are concerned, it depends altogether on whose ox is gored. He is for Mr. Hoover when Mr. Hoover is for him, make no mistake about that. I do not criticize him for that. But I say that Mr. Hoover is with me on the great fundamental question before us with which he has had experience. Mr. Hoover has had no experience with the subject of undertaking to fix prices of labor, and that is the point in Mr. Hoover's testimony which so greatly pleased the sponsor of the bill.

The junior Senator from Michigan also said as an answer to my position that I had repeatedly stated that there was no danger of inflation. I said so, of course, and limited it to the great basic commodities of which the supply in the granary is overflowing. With respect to the great list of agricultural commodities which go deeply into the cost of living, into the homes and lives of our people, there is no danger. But there is danger of a loss in production. There is danger that increased production of lard and butter and milk cannot be brought about without a sympathetic administrator, without one who is familiar with the problems of agricultural production, and it is up to the Members of the Senate to give those problems their thoughtful and serious consideration.

I said at the beginning that the Secretary of Agriculture did not initiate this amendment. The writing of the amendment and its sponsoring came from Mr. Hoover and from the Senator who is now addressing the Senate. Appeals came to me from the farm organizations all over the country, from their representatives, and later from a great mass of farmers. Senators are probably all familiar with those appeals. The farmers seemed to be afraid to risk their program, to risk their production, to risk their prices, and to have control over them placed in a man they know nothing about, and who

they believe knows nothing about them. As Senators know, the farmers have actually favored including labor in this bill. The farm organizations have favored inclusion of wages. They have complained that it was unfair to the great mass of agricultural producers to put an arbitrary price upon their products, when labor for 10 or 15 years had had a constant succession of increased wages, which has thrown labor altogether out of line with agriculture.

The Senator from Nebraska, a strong friend of the farmers, put into the Senate Record a statement showing the percentage of increase in agricultural prices of, I think, about 39 percent, according to the figures furnished by the Bureau of Labor Statistics. I may not be accurate with respect to the figure, and if I am incorrect I shall later put the correct figure in the Record. The labor increase is 240 percent. So the farmers, as every Senator knows, have protested from the very time the bill was introduced in the House against the exclusion of wages from the bill. Their representatives went before the House Banking and Currency Committee. Every time they have spoken they have announced that they are afraid of inflation and that they favor any reasonable measure to prevent inflation. They have said, "If you are going to take out of this bill all salaries and wages, which constitute a much greater percentage of the national income than does the income of our farmers by virtue of their agricultural production, then we are against the whole bill." That has been their position. They have said, "Put all the workers in, put all the agricultural workers in, but do not put us in. Do not make goats out of us and sheep out of labor."

Mr. Henderson, in great fear of runaway prices in agriculture, recommended that farmers be put in. At the same time he recommended keeping hands off labor. That has been the attitude of the sponsors of the bill. In effect, they have said, "Do not touch organized labor. You might make it angry. You might make the strike situation worse than it has been. Let it alone. Somebody will work out by voluntary agreement—we hope—a fixation of a top level for wages. But put the farmers in, fix their level, and let the farmers bear their share of whatever additional load may develop as the result of increased wages."

The farmers do not feel right about it. That is one of the principal reasons for this amendment. They do not feel that they have been treated properly in this matter. They think they have been discriminated against. They have repeatedly said, "Put us in, and put everybody else in, but treat us fairly in relation to the other workers in the country. Put them all in." From time to time they have pointed out that the prices of agricultural products have not yet even reached the 30-year-old parity level. Labor is far above it.

It is said that inflation may happen as a result of surpluses. With agriculture there can be no inflation as the result of increased wages of industrial labor. If there is, we cannot help it, and we will not try to help it. The bill

does not appeal to the farmers of this country. It does not sit right with them.

Mr. President, I shall take very little more time. Many Senators have gone to lunch. The few who remain in the chamber are entitled to their lunch. I do not want to be responsible for keeping them here too long. I assume there will be further debate; and I may have occasion before the debate closes to submit some further remarks. In concluding my remarks I wish to point out that it is important for us not to leave the great mass of farmers in such a frame of mind as that they believe they have been discriminated against, when it is not necessary to do so. Industrial labor is organized to such an extent that it possesses the economic power of strikes, which it freely exercises. The farmers must go along. The organizations of farmers do not include any great proportion of the six and a half million farm families in the country. They express the sentiments of probably a third of the farmers. They say, "We are fearful; we are anxious about this situation. We feel that Congress has ignored the farmers, while turning loose the great mass of industrial workers and giving them freedom of action, regardless of inflationary results."

Why do that when it is not necessary, simply to please those who want to give all power to Mr. Henderson? Why do it unless the success of the program depends upon Mr. Henderson's control of every phase of the program? This is no time for developing factions among the people of the country, and especially the producers. This is no time for taking action which the farmers regard as arbitrary, unfriendly, and against their protests. Every Senator knows that they have been protesting ever since the bill was introduced in the House 6 or 7 months ago.

I submit that it is not necessary to take the action proposed merely to preserve some formula or theory which has never heretofore been practiced. I refer to the theory of a single power to control the prices of everything in the country. It was not found necessary in the World War. We had at least two controls; and it is generally recognized that inflation did not develop during the war but after the war. Then we had two controls. We had no conflicts. Now we are not even asking for two separate controls. My amendment would leave the power with the Administrator to issue orders, subject, of course, to obtaining the approval of the Secretary of Agriculture, a member of the President's Cabinet, an experienced officer, one who at no time has done anything to which anybody can point that shows that he is arbitrary or inclined to try to get too much money for the farmer. Frankly, my criticism of him has been that he has not gone as far as I have gone on the subject of income for farmers. At any rate opposition to the amendment cannot be placed on the ground that it would be dangerous to require the approval of the Secretary of Agriculture.

Mr. President, that is all I care to say at this time. Many other reasons could be stated in support of my amendment.

I do not wish to take the time of the Senate unnecessarily; but I hope that when the vote comes there will be enough Members of this body to make it clear to six and a half million farm families that at least they have friends in the Senate in sufficient number to express their conviction on this important subject and to prevent the Senate from being stampered.

Mr. O'DANIEL. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. O'DANIEL. I wish to ask the Senator from Alabama if it is not a fact that the proponents of the price-control bill who oppose the amendment of the Senator from Alabama do so on the ground that they think it would be unwise to have divided control in a price-control measure.

Mr. BANKHEAD. I have not heard any other reason assigned.

Mr. O'DANIEL. Is it not a fact that the very essence of the Senator's amendment is to prevent divided control in the Department of Agriculture?

Mr. BANKHEAD. It would have that effect. It would retain in the Department of Agriculture the powers it now has, instead of giving all those powers to Mr. Henderson.

Mr. O'DANIEL. The Senator is attempting to maintain the control in an old, trusted, and tried department. The opponents of the amendment contend that the control should be placed in a new department, which has not yet been established by law.

Mr. BANKHEAD. That seems to be the position.

Mr. O'DANIEL. Mr. President, it seems to me that the position taken by the Senator from Alabama is extremely fair, reasonable, and constructive.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alabama [Mr. BANKHEAD] to the amendment reported by the committee.

Mr. BARKLEY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Gerry	Nye
Austin	Gillette	O'Daniel
Bailey	Glass	O'Mahoney
Ball	Green	Overton
Bankhead	Guffey	Radcliffe
Barkley	Gurney	Reed
Bilbo	Hayden	Reynolds
Bone	Herring	Rosier
Brewster	Hill	Russell
Brooks	Holman	Schwartz
Brown	Hughes	Shipstead
Bulow	Johnson, Colo.	Spencer
Bunker	Kilgore	Taft
Burton	La Follette	Thomas, Idaho
Butler	Langer	Thomas, Okla.
Byrd	Lee	Thomas, Utah.
Capper	Lodge	Tobey
Caraway	Lucas	Truman
Chandler	McCarran	Tunnell
Chavez	McFarland	Tydings
Clark, Idaho	McKellar	Vandenberg
Clark, Mo.	McNary	Van Nuys
Connally	Maloney	Wagner
Danaher	Maybank	Wallgren
Davis	Mead	Walsh
Downey	Millikin	Wheeler
Doxey	Murdock	White
Ellender	Murray	Wiley
George	Norris	Willis

The PRESIDING OFFICER. Eighty-seven Senators having answered to their names, a quorum is present.

PROTECTION FROM BOMBING ATTACKS

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1936) to provide protection of persons and property from bombing attacks in the United States, and for other purposes.

Mr. REYNOLDS. Mr. President, in reference to Senate bill 1936, it is my information that the House has amended it by adopting a substitute. I move that the Senate disagree to the amendment of the House, request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. REYNOLDS, Mr. THOMAS of Utah, and Mr. AUSTIN conferees on the part of the Senate.

PRICE CONTROL

The Senate resumed the consideration of the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Alabama [Mr. BANKHEAD] to the amendment reported by the committee.

Mr. CAPPER. Mr. President, I intend to support the amendment offered by the Senator from Alabama [Mr. BANKHEAD], which would give the Secretary of Agriculture a veto power over the fixing of prices on farm commodities and farm products. I also intend to support the amendment of the Senator from Wyoming [Mr. O'MAHONEY], providing the basis of a formula by which increases in wages—because these are reflected in prices of things farmers have to buy—shall be given due weight by the Secretary of Agriculture in determining a wage-parity price.

I do not desire to trespass upon the time of the Senate to any great extent, but I do wish to make it plain that, as I see it, unless adequate protection is given agriculture, the powers in this measure could be so used as to destroy the small farm owner and operator in the name of protecting the consumer against high living costs. I do not say the power would be so used, but the legislation granting the power certainly should protect as much as possible against any such thing happening.

Mr. President, neither myself nor the farm organizations nor the farmers of America are asking special privileges for farmers in supporting these amendments. We merely want price controls to apply equally in practice to agriculture, industry, and labor. Farmers are being asked, and are wholeheartedly responding, to Government appeals that they produce on a war-emergency basis. They are increasing their production in line with the farm production program as outlined to them by the Department of Agriculture. A quarter of a century ago the wheat and

cotton farmers responded enthusiastically to the same kind of a patriotic appeal—and wheat and cotton have been a national problem ever since. Now the small general farmers are following a similar course of action, increasing their production far beyond what the market demands for their products can reasonably be expected to be after the war emergency is over.

Farm labor already is scarce; it will become scarcer. Farm wages are going up much faster and further than are the prices farmers receive. Wages in industry are going up faster and further than the prices farmers can hope to receive for their products. We might as well realize now that consumers, faced with high living costs, are going to protest; and we know, from experience, that when such protests come the easy way for any price-control authority will be to make food prices the "goat," so to speak. That is what we are trying to prevent, if and to what extent prevention is possible.

The protections to farm income proposed in these amendments, as I see it, are very reasonable, under the circumstances, and will afford a sort of safeguard against the elimination of the family-sized farm, which is threatened by the pressure of the war economy.

The farmer and the workingman are equally patriotic, Mr. President. The farmer and the workingman, when all is said and done, will furnish the men and the materials which will enable us to win this war. The pending price-fixing measure admittedly makes no attempt to control wages of labor. I am not quarreling with that, but please remember that the farmer's wages are the prices he receives for the products of his labor, and the farmer does not have the guaranteed advantages of collective bargaining to determine the wages, through the medium of prices of farm products, which he is to receive. Therefore, I say that it is the plain duty of Congress to see that the farmers of America are not made to bear an unfair share of the burdens which all of us must bear during this critical emergency.

Mr. President, I ask unanimous consent to insert in the RECORD at this point, as part of my remarks, telegrams from Dr. O. O. Wolf, president of the Kansas Farm Bureau; from the Pure Milk Producers Association of Kansas City; Washington County (Kans.) Cooperative Creamery Co.; and other Kansas farm organizations and operators, supporting the position I am taking.

I also ask unanimous consent to have printed, as part of my remarks, a statement by Dr. E. W. Sheets, secretary of the United States Livestock Association, in support of the amendment offered by the Senator from Wyoming [Mr. O'MAHONEY].

There being no objection, the telegrams and statement were ordered to be printed in the RECORD, as follows:

MANHATTAN, KANS., January 6, 1942.

Senator ARTHUR CAPPER,
Senate Office Building,
Washington, D. C.:

Believe it important that price-control bill before Senate apply equally to agriculture, industry, and labor. It should also safeguard agriculture and the farm program by includ-

ing the Bankhead amendment, "Notwithstanding any other provision of law, no action shall be taken by the Administrator or any other person with respect to any agricultural commodity or commodity processed or manufactured in whole or substantial part from any agricultural commodity without the prior approval of the Secretary of Agriculture." Hope you can give aggressive support to the above suggestions.

O. O. WOLF,
President, Kansas Farm Bureau.

LINN, KANS., January 7, 1942.
Hon. ARTHUR CAPPER,
Senate Office Building,
Washington, D. C.:

We urge your support of Senator O'MAHONEY's amendment to price-ceiling bill 5990, which we believe to be in the best interest of agriculture.

WASHINGTON COUNTY
COOP. CREAMERY CO.,
By B. W. ROEPKA.

KANSAS CITY, MO., January 7, 1942.
Hon. ARTHUR CAPPER,
Senate Office Building,
Washington, D. C.:

Urge that any legislation in pending bills detrimental to the Marketing Agreement Act be eliminated. Urge you support retention of Marketing Agreement Act.

PURE MILK PRODUCERS ASSOCIATION
OF GREATER KANSAS CITY,
E. P. MULLIGAN, President.

KANSAS CITY, MO., January 4, 1942.
Hon. ARTHUR CAPPER,
Senate Office Building,
Washington, D. C.:

Regarding price control, we urge you oppose any legislation fixing maximum prices for farm products on a formula that does not take into consideration increased costs because of increased wage rates or income of urban workers or else does not at the same time fix maximum prices for workers so employed.

PURE MILK PRODUCERS ASSOCIATION, INC.,
E. P. MULLIGAN, President.

KANSAS CITY, MO., January 7, 1942.
Hon. ARTHUR CAPPER,
Washington, D. C.:

Urge you actively support Senator O'MAHONEY's amendment, H. R. 5990.

PURE MILK PRODUCERS ASSOCIATION,
OF GREATER KANSAS CITY,
E. P. MULLIGAN, President.

WICHITA, KANS., December 19, 1941.
Senator CAPPER,
United States Senate,
Washington, D. C.:

We urge you to support Bankhead Senate Resolution No. 209, which requests Price Administrator Henderson to suspend his order of December 3, imposing ceilings all fats and oils.

WICHITA DESICCATING CO.,
O. J. EASTMAN.

THE TRUTH ABOUT THE PRICE-CONTROL BILL—
FACTS ABOUT THE O'MAHONEY WAGE PARITY
AMENDMENT WHICH EVERYONE SHOULD KNOW
(By E. W. Sheets, secretary, United States
Live Stock Association)

(The headquarters of the United States Live Stock Association is at Seward, Nebr., of which D. M. Hildebrand is president. Dr. Sheets is in Washington, D. C. For months he has been working with leaders of other farm and commodity groups, officials of Federal agencies, and Members of the Congress in an effort to develop a new conception of the parity rule that would be fair to stock-

men and farmers and one which would not be unfair to any other group.)

If farmers are to improve their economic position, they must be assured fair parity prices for the products of the farm. Farm income has been dwindling or has failed to show any material gain, not alone because of the disparity with labor, industry, and business, but also because of the failure to create or produce sufficient new wealth. If the farmers' income is to be substantially increased, it will come about as a result of increased production rather than through any material increase in price.

While there are some who believe that true parity prices alone will restore the purchasing power of a farm commodity, almost anyone seems convinced now that it is volume times price which will restore to agriculture an equitable share of the Nation's income. Income, therefore, as determined by price or wages is the ultimate goal, with net income being the criterion.

The farm price of farm commodities is always quoted in United States cents. The rate of purchasing power of the cent varies directly with that of the dollar. Therefore, whenever the purchasing power of the dollar is not at some predetermined parity level, such as the 1926=100, the cents in which the farm products are quoted must be adjusted to parity by multiplying the cent quotation by the index being used.

It was the recognition of the emergency situation confronting farmers that resulted in the existing parity concept being reexamined. It was from facts developed in these studies that representatives of farm groups reached the definite conclusion that the present parity rule must be overhauled to meet the modern needs of all farm commodities.

It is for the purpose, therefore, of considering the merits of the price-control bill (H. R. 5990 revised) that attention is called to the facts developed. A substitute amendment for section 3, which deals with agricultural commodities, is proposed in the enclosed booklet as the most equitable method of dealing with the problem of prices and at the same time being assured of a sufficiency of food and fiber during the emergency.

The draft of the bill as it now stands will result in great hardship for farmers and stockmen. Not only that, but it confuses a great many people. The bill has been changed so that what were once minimum ceilings now become maximum prices. The so-called maximum prices are based upon 110 percent parity, or prices prevailing October 1, 1941.

It is this reference to 110 percent of parity that confuses and tends to mislead the general public, for the reason that it causes the uninformed to believe that farmers are being especially favored to the amount of 10 percent, which is not in keeping with the facts. Parity as now determined does not represent true parity.

The views of the United States Live Stock Association, as have most farm and commodity groups, made its position unmistakably clear on this question before the Senate Committee on Agriculture and the Banking and Currency Committee of both the Senate and the House. It has been repeatedly emphasized that farmers and stockmen do not expect more than true parity.

A careful study of all the facts relating to parity has convinced most farm leaders and farmers generally that parity prices as now determined are entirely too low. They do not represent equitable prices under existing conditions. The present method of computing parity is wholly inadequate because:

1. Since parity is based upon purchasing power of farm products 30 years ago, without considering subsequent changes in the national standard of living, it tends to hold the farmer's relative income to the past.

2. The present method of computing parity does not include any factors reflecting in-

creases or decreases in the wages or income of the nonfarm population, which comprises the domestic market for farm products.

3. Insufficient consideration is given to the changes that have occurred in the competitive relationships among the different farm products since the base period 30 years ago. This omission simply freezes the price relationships existing among the different farm products in the base period.

4. No consideration is given to farm wage rates as a farm cost factor.

5. No attempt is made to measure parity income as a farm cost factor.

If the Congress decides that it is necessary to bring all groups of our citizens under some sort of price control during the emergency, it is believed that the proposed flexible wage-parity formula, described in the enclosed booklet, for dealing with the price ceiling or so-called maximum price problem, is more equitable and fair in that it corrects the two basic faults inherent in the present parity rule. This is accomplished by:

1. Bringing wage rates into the index supplement for part of the index of prices paid by farmers, and

2. By adjusting prices for individual commodities to the relationship actually existing during the last 10 years.

The O'Mahoney wage-parity amendment corrects these basic faults found in the existing parity concept. The wage-parity formula was presented and discussed before the Senate Banking and Currency Committee and the Senate Committee on Agriculture. It was developed by the National Parity Committee, of which the writer was a member and which was appointed at a conference of farm leaders held in Washington, D. C., October 9 and 10.

The amendment supports the philosophy that if there are to be ceilings over farm commodities they should be flexible price ceilings. Since there is to be no control over the rates of labor's wages then flexible prices should be based upon a formula which includes the rates of wages, as well as the cost of things which farmers buy.

The proposed wage-parity amendment not only provides for higher flexible price ceilings than called for in the present bill but contains another equally important provision. It places in the Department of Agriculture the responsibility for deciding when and at what level price ceilings should be established; that is where the responsibility logically belongs.

The application of this formula for dealing with the price problem during the emergency is recommended in the interest of the national welfare.

It is generally recognized that food and fiber are as essential to ultimate victory and a solution of post war problems as are planes, tanks, guns, and other equipment and supplies. If farmers and stockmen can get equitable prices for their products, they can and will produce food in great abundance. If they cannot get adequate prices, exhortation to raise food to win the war will not suffice, not because of lack of will to serve, but because of financial inability to carry on.

Farmers and stockmen are quite as willing as any group to forego profits during the emergency. They do not expect to profit in any way from the expenditure of money in the interest of national defense. It has been known from the beginning that stockmen and farmers generally have been pioneers and leaders in the defense and security of America, and now that the nations of the world are engaged in mortal conflict, the farmers of this country wish to make doubly sure that there shall be no lack of essential food, for food is necessary if the health and vitality of our people is to be maintained without impairment.

Most farm leaders have realized and some have urged for years that greater production of food was desirable and would become an

urgent necessity during the impending emergency. They recognized at the same time that somewhat higher prices, which would make possible such increased production on the part of the farmer, were absolutely essential.

The consumer would derive ultimate benefit from increased production for the very obvious reason that increased production has and will ultimately bring lower prices when supplies have again caught up with demand. The best and only safe method of preventing excessive price rises is through greater production whether to meet the needs of our own people or the people of other countries now dependent upon the American farmer.

While there are a number of changes that should be made in the price-control bill as it now appears, such as restoring the House version providing for a Board of Review, yet it is the O'Mahoney wage-parity amendment, enabling the Department of Agriculture to arrive at prices for farm commodities that would more nearly represent true parity which concerns stockmen and farmers most.

It was to cope with just this situation that the wage-parity plan was developed and which has been endorsed in principle by practically all farm groups as the most equitable means of dealing with the price-ceiling problem. It constitutes the farmers' only hope of securing prices for their products which would permit them to carry out production plans and at the same time be able to meet the higher labor and other costs in the operation of their farms.

In order that there be no interruption in the production and consequent flow of feed and fiber commodities to markets throughout this and other countries, it is urged that the Congress amend section 3 of the pending price-control bill by substituting the proposed flexible price-ceiling formula that includes wage rates.

By thus amending the bill to provide for slightly higher ceilings, price adjustments upward could be made as found necessary to secure production sufficient to meet all defense needs. Doing this would, at the same time, make doubly sure that farmers and stockmen are left in the position where they can do their full share in helping to win the war.

Mr. BROWN. Mr. President, I know that the Senator from Nebraska [Mr. NORRIS] wishes to address the Senate. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Gerry	Nye
Austin	Gillette	O'Daniel
Bailey	Glass	O'Mahoney
Ball	Green	Overton
Bankhead	Guffey	Radcliffe
Barkley	Gurney	Reed
Bilbo	Hayden	Reynolds
Bone	Herring	Rosier
Brewster	Hill	Russell
Brooks	Holman	Schwartz
Brown	Hughes	Shipstead
Bulow	Johnson, Colo.	Spencer
Bunker	Kilgore	Taft
Burton	La Follette	Thomas, Idaho
Butler	Langer	Thomas, Okla.
Byrd	Lee	Thomas, Utah
Capper	Lodge	Tobey
Caraway	Lucas	Truman
Chandler	McCarran	Tunnell
Chavez	McFarland	Tydings
Clark, Idaho	McKellar	Vandenberg
Clark, Mo.	McNary	Van Nuys
Connally	Maloney	Wagner
Danaher	Maybank	Wallgren
Davis	Mead	Walsh
Downey	Millikin	Wheeler
Doxey	Murdock	White
Ellender	Murray	Wiley
George	Norris	Willis

The PRESIDING OFFICER. Eighty-seven Senators have answered to their names. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from Alabama [Mr. BANKHEAD] to the amendment reported by the committee, in the nature of a substitute.

Mr. BROWN. Mr. President, I understood that the senior Senator from Nebraska [Mr. NORRIS] wished to speak on the amendment.

Mr. McNARY. Mr. President, the senior Senator from Nebraska [Mr. NORRIS] has just informed me that he does not desire to speak on this amendment.

Mr. BUTLER. Mr. President, I should like the privilege of making a few brief remarks on the amendment.

The PRESIDING OFFICER. The junior Senator from Nebraska is recognized.

Mr. BUTLER. The extreme of confusion that must of necessity follow some of the developments of the war program is illustrated by the scene this morning in the caucus room of the Senate Office Building, where was convened a committee of the Senate listening to representatives of the trade and to the Price Administrator testifying as to the situation confronting the distributors of automobiles and accessories at this time. I think that illustrates a confusion that cannot be avoided when we are starting a program like that of controlling the distribution of automobiles or accessories under present circumstances when up to this time there has been no control over the industry such as there has been in agriculture. Agriculture has had a controlled program; and, under any war situation that might develop at the moment, the program which covers agriculture would simply move forward as smoothly as possible under any consideration. I believe that is a definite and plain reason why we should give some consideration to continuing the services of the Agricultural Department in maintaining this program under the war conditions that face us.

Mr. President, the amendment offered by the Senator from Alabama [Mr. BANKHEAD], giving the Secretary of Agriculture power to prevent any interference with the food-for-freedom program or our other agricultural policies by price ceilings set by the Price Administrator, raises an issue of great importance, an issue which must be met squarely if our economy is to be organized efficiently to produce the goods, the food, and agricultural raw materials, as well as the munitions necessary to win this war.

As was pointed out by the able Senator from Ohio [Mr. TAFT] yesterday, during the last war our production and price controls were organized on a vertical basis. That is, one agency, the Food Administration, had powers of control over every aspect of the food situation. The Food Administration could set maximum and minimum prices, regulate margins, license dealers and handlers, and direct the productive efforts of agriculture, to the end that sufficient quantities of agricultural commodities and of the com-

modities which were needed most would be produced. In the same way the Fuel Administration controlled everything connected with fuel, prices as well as production and distribution, while Mr. Baruch's organization for most of the other essential commodities was likewise organized along vertical lines.

The principle that the agency which has had responsibility for the production and distribution of a group of commodities must also be charged with price control of the same commodities was, I believe, one of the most important and successful principles developed by that wartime administration. Certainly Mr. Hoover's organization made good on its slogan, "Food will win the war," and we could go further and do worse than copy that example.

I believe that food will win this war, too. American farmers are by no means so fond of restriction that they will refuse a call for more food and raw materials. There are millions of idle acres which can be put back into use. These surplus acres, in fact, are by far the most potent guaranty that there will be no inflation of farm prices in this war, and are our main assurance that we shall have plentiful supplies at moderate prices. But our agricultural productive capacity cannot be directed into the proper channels, and those farm products of which we are in greatest need will not be produced, unless the proper price incentives can be offered to the farmer by that agency, which has planned our agricultural program and worked out production goals for each farm product, namely, the Department of Agriculture.

Think in what an impossible position we shall place the Secretary of Agriculture if we reject this amendment. He has promised the British that we will deliver to them certain quantities of various types of food, such as pork, eggs, and dairy products, and he has guaranteed the farmer a favorable price if he will expand production of those particular products. In some cases he has bid up the price of various foods, and facilitated the financing of new processing plants to make good on his promises. And this program is even now in process of revision, to meet the new needs that are continually appearing. For the British have told us, and I think I quote the words of the Secretary before the Committee on Banking and Currency recently:

No matter how much food you can produce and give us, it is not too much. It is a bare minimum for our subsistence. You cannot possibly overproduce on food.

But if we reject the amendment, we shall be depriving the Secretary of Agriculture of the only means he has of directing farm production to meet our vital needs. Power without responsibility is a dangerous thing, but responsibility without power is only a joke. Will the British depend on our promises to supply them with food, when they know that the man who is directing our food production has no power to enforce his decisions? Will the farmers respond to his appeals, when they have no assurance that they will not be producing at a loss? The

Senator from Michigan, who is so ably sponsoring the bill, stated in his formal explanation, I believe, that this is a consumers' bill; but let me emphasize that this war will not be won by consumption, but by production, and no commodities, not even the actual weapons of war, are more absolutely essential than food.

There is another highly important reason why control over agricultural prices should be left in the hands of the Department of Agriculture. We have followed the general principle, in our wartime legislation, of lodging controls in the hands of those agencies which are best equipped, from the standpoint of experience and personnel, to exercise them; and this applies to price control, as well as to other controls. The Maritime Commission, for example, has been given, in legislation passed by us last summer, authority over shipping rates, as well as over the allocation of vessels and the construction of additional bottoms. Regulation of railroad rates is left with the Interstate Commerce Commission, in view of that agency's long experience with such problems, and its detailed knowledge of rate making. The principal argument in favor of leaving wage control out of the pending bill is that the Office of Price Administration does not have the experience or the personnel to deal with collective-bargaining techniques.

Yet, if this reasoning is sound, it is obvious that control of agricultural prices belongs in just one place, and that is the Department of Agriculture. The Department has been engaged for some years in controlling agriculture prices on a scale that some of us may not realize. Under the Agricultural Marketing Agreement Act, it has been setting prices on milk. The program of Commodity Credit Corporation loans could only have been carried out by a staff of men familiar with marketing practices and price and location differentials throughout the country, and certainly the experience those problems brought during the last few years has not been wasted on the economists in the Department. The purchase and distribution of commodities for relief by the Surplus Marketing Administration has also given the Department a strong basis of experience in price control of many commodities. To take away these powers from the Department of Agriculture and give them to the Office of Price Control would be to destroy the agencies we have so painfully built up, in the school of experience and hard knocks, during these past few years. Yet that is what we shall be doing if we do not adopt this amendment.

I do not see how anyone can seriously contend that keeping agricultural prices out of the control of the Price Administrator can limit his control over the price structure substantially, when he has already consented to the exclusion of another element which is far more important in the price system, namely, wages. Labor and farm products are alike in the fact that neither is customarily sold directly to the consumer, but both affect the final price by entering into the cost of production of the finished article. A change in wage rates, therefore, will affect the cost of living in exactly the same way

a change in the price of the raw material would affect it, and it just happens to be a fact that wage rates are more than five times as important as a factor in the national income than are farm prices. In 1940, according to the Department of Commerce, net wages and salaries amounted to about forty-seven and one-half billions while cash farm income from sale of crops and livestock products was only \$8,350,000,000. In the face of these figures, to say that wage rates have nothing to do with inflation, while farm prices are the cause of it, is simply foolish. We are gullible; we believe most of what we are told by the executive departments, but we cannot believe that.

If the Administrator had shown any strong disposition to stabilize wage rates, I believe agriculture might have been disposed to accept his price controls. But, as I showed in a table I inserted in the committee hearings, wage rates of factory labor have advanced 250 percent since the 1910 to 1914 period; they are now much higher than the so-called inflationary wage levels of the World War, and they had advanced up to October, which is the latest date I have, more than 20 percent since August 1939, at the time the war began. If wage rates have risen 20 percent since the outbreak of war, while living costs have increased only about 10 percent, cannot labor afford to pay a little more for its food, enough more to enable the farmer to maintain at least a subsistence standard of living? And please remember that a 10-percent rise in farm prices on the average means an increase in the cost of living of less than 2 percent. Even if farm prices rose to 150 percent of parity, that would not push the cost of living up more than enough to make up for the increase in the average rate of wages received by factory labor since the beginning of the war.

I do not want my attitude misunderstood. I have always believed in and fought for the right of labor to organize and to bargain collectively, and I am happy that labor has been able to improve its position. I am pointing to this steady increase in wage rates simply in order to claim the same rights for agriculture. Certainly if the largest part of our price system is to go uncontrolled, there is no real ground for laying strict limits on prices of an industry which, although it has never received more than about 10 percent of the national income, must support nearly 25 percent of the population.

In concluding let me point out that maintaining control of the prices of agricultural products in the Department of Agriculture does not mean at all that farm prices will skyrocket. The Secretary of Agriculture is not a champion of uncontrolled inflation. In fact, his most recent official actions in the field of price control all point the other way. He apparently concurs with Mr. Henderson in a ceiling on sugar which I consider far too low, and in recent weeks has adopted a systematic policy of offering for sale the accumulated stocks of surplus commodities at prices below parity. If that be inflation, I do not understand the term.

In pleading that the Secretary be given authority over prices of agricultural products, therefore, I do not expect that he will push farm prices through the roof. I believe that the Department will merely give sympathetic consideration to the necessity for increases in the prices of farm commodities when such increases appear necessary to encourage expansion of production of those commodities we shall need in greater quantities, or when they seem advisable in order to do justice to individual groups of producers.

I believe that if this authority shall be given to the Secretary of Agriculture the price system for farm products will be geared more directly to the food-for-freedom program, and I think that he and his organization have the experience and the technical staff necessary to administer the authority effectively and with the least hardship. Certainly if we center all our attention on keeping down prices and neglect the far more necessary task of stepping up production we shall place our entire agricultural program, and our very security as a nation, in grave danger.

The PRESIDING OFFICER (Mr. CLARK of Missouri in the chair). The question is on agreeing to the amendment of the Senator from Alabama [Mr. BANKHEAD] to the committee amendment.

Mr. O'MAHONEY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Gerry	Nye
Austin	Gillette	O'Daniel
Bailey	Glass	O'Mahoney
Ball	Green	Overton
Bankhead	Guffey	Radcliffe
Barkley	Gurney	Reed
Bilbo	Hayden	Reynolds
Bone	Herring	Rosier
Brewster	Hill	Russell
Brooks	Holman	Schwartz
Brown	Hughes	Shipstead
Bulow	Johnson, Colo.	Spencer
Bunker	Kilgore	Taft
Burton	La Follette	Thomas, Idaho
Butler	Langer	Thomas, Okla.
Byrd	Lee	Thomas, Utah
Capper	Lodge	Tobey
Caraway	Lucas	Truman
Chandler	McCarran	Tunnell
Chavez	McFarland	Tydings
Clark, Idaho	McKellar	Vandenberg
Clark, Mo.	McNary	Van Nuys
Connally	Maloney	Wagner
Dana	Maybank	Wallgren
Davis	Mead	Walsh
Downey	Millikin	Wheeler
Doxey	Murdock	White
Ellender	Murray	Wiley
George	Norris	Willis

The PRESIDING OFFICER. Eighty-seven Senators having answered to their names, a quorum is present.

The question is on agreeing to the amendment of the Senator from Alabama to the committee amendment.

Mr. TAFT. On that question I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BARKLEY. Mr. President, I have just returned to the Chamber, having been detained in a conference. Have the yeas and nays been ordered on the Bankhead amendment?

The PRESIDING OFFICER. Yes; the yeas and nays have been ordered.

Mr. BARKLEY. There still can be discussion of the amendment, notwithstanding the fact that the yeas and nays have been ordered?

The PRESIDING OFFICER. Yes; there still can be discussion of the amendment if anyone desires to discuss it.

Mr. BARKLEY. The junior Senator from Michigan [Mr. BROWN] desires to discuss it.

Mr. BROWN. I desire to make a few remarks on the subject of the Bankhead amendment. When the amendment was submitted in the first instance it read as follows:

(f) Notwithstanding any other provision of law, no action shall be taken by the Administrator or any other person with respect to any agricultural commodity or commodity processed or manufactured in whole or substantial part from any agricultural commodity, without the prior approval of the Secretary of Agriculture.

Today the Senator from Alabama modified his amendment so as to eliminate commodities processed or manufactured in whole or substantial part from any agricultural commodity.

It now reads:

Notwithstanding any other provision of this or any other law, no action shall be taken under this act by the Administrator or any other person with respect to any agricultural commodity without the prior approval of the Secretary of Agriculture.

It is quite obvious that that was intended greatly to reduce the number of products which would be affected by the amendment.

I am quite satisfied that no lawyer in this body can define what an agricultural commodity is with respect to this subject matter. For example, I presume one would say that butter is an agricultural commodity; but it must be processed before it is butter. The raw material out of which it is made is sold by the farmer. Is it an agricultural commodity within the contemplation of the section, or is it not?

Mr. BANKHEAD. Mr. President, will the Senator yield for a question at this point?

Mr. BROWN. I yield.

Mr. BANKHEAD. I ask the Senator to turn to section 3 and tell me what "agricultural commodity" there means, in the sense he is now discussing. That is the section which fixes the ceiling.

Mr. BROWN. Is butter an agricultural commodity, or is it not?

Mr. BANKHEAD. I think it is.

Mr. BROWN. Mr. President, that was my idea on the subject. If butter is an agricultural commodity—

Mr. BANKHEAD. As the Senator evidently recognizes, the term is used exactly as it was used in the amendment fixing a ceiling, floor, or whatever it may be called. It is just as comprehensive and just as limited as the section which the Senator is supporting, and which we are all supporting.

Mr. BROWN. I ask the Senator, if butter from the butter factory is an agricultural commodity, is cottonseed oil, obtained from cotton, an agricultural commodity? I assume the Senator would say that it is.

Mr. BANKHEAD. I will answer that question by saying that cottonseed oil does not come from cotton. It comes from the seed.

Mr. BROWN. It comes from the seed.

Mr. BANKHEAD. I think cottonseed is an agricultural commodity.

Mr. BROWN. If that be true—and I agree with the Senator from Alabama—then certainly the soup in a can of soup produced by the Campbell Co. in Pittsburgh is likewise an agricultural commodity.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. CLARK of Missouri). Does the Senator from Michigan yield to the Senator from Wyoming?

Mr. BROWN. I yield.

Mr. O'MAHONEY. What did the Banking and Currency Committee mean when it brought in a bill carrying a provision with respect to a floor upon agricultural commodities?

Mr. BROWN. Let me say to the Senator that he entirely misapprehends the purpose of my argument. It is to agree with his view. It is to charge that the Bankhead amendment, as changed today, by no means removes the difficulties the amendment would create.

Mr. O'MAHONEY. Mr. President—

Mr. BROWN. Mr. President, I decline to yield to the Senator until I have finished my thought. I shall be glad to yield to him later. I think I am as generous as any other Senator in that respect.

Mr. O'MAHONEY. The Senator is quite correct.

Mr. BROWN. I wish to make my thought clear. If cottonseed converted into cottonseed oil is an agricultural commodity; if the product of the dairy farm converted into butter is an agricultural commodity, and if the product of the vegetable garden converted into tomato soup is an agricultural commodity, is the product of cotton, in the form of a tire, an agricultural commodity?

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. BROWN. I will yield when I have finished my statement.

I contend that neither the Bankhead amendment as it was proposed yesterday nor the Bankhead amendment as it is before us at the present time clarifies the problem.

I now yield to the Senator from Wyoming.

Mr. O'MAHONEY. I ask the Senator from Michigan whether he now rises to question the definition of "agricultural commodity" as mentioned in the Bankhead amendment; and if he does, to tell the Senate how that definition differs from the definition of "agricultural commodity" in the section reported by the committee.

Mr. BROWN. I will say frankly to the Senator that I think that the products in which agricultural commodities are a substantial part are all governed by the provisions of section 3 of the bill. However, I was just about to read a list of the commodities over which jurisdictional disputes may arise between the Price Ad-

ministrator and the Secretary of Agriculture.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. OVERTON. I suggest to the Senator from Michigan this interpretation of section 3 with reference to agricultural commodities: Section 3 (a) declares:

Sec. 3. (a) No maximum price shall be established for any agricultural commodity below (1) the market price equivalent to 110 percent of the parity price or comparable price for such commodity, adjusted for grade, location, and seasonal differentials, as determined and published by the Secretary of Agriculture; or (2) the market price prevailing for such commodity on October 1, 1941.

That subsection refers to the raw agricultural commodity, and does not refer to any processed agricultural commodity. It does not refer to any commodity which is manufactured in whole or in substantial part from any agricultural commodity.

Mr. BROWN. Let me ask a specific question. Is butter an agricultural commodity?

Mr. OVERTON. Under section 3 (a), it is not. But butter is an agricultural commodity under section 3 (c); and evidently that was in the minds of the members of the committee. Otherwise, why would they have incorporated into the provisions of the bill section 3 (c), which reads as follows:

(c) Any maximum price established for any commodity processed or manufactured in whole or substantial part from any agricultural commodity shall be consistent with the purposes set forth in subsection (a) of this section and shall not be established in any manner as to circumvent, vitiate, or prevent the effectuation of such purposes.

If "agricultural commodity" as set forth in section 3 (a) covers commodities which are processed from raw agricultural commodities, why the necessity of section 3 (c)? The purpose of section 3 (c) was to take care of commodities which are processed from agricultural commodities, or which are manufactured in whole or substantial part from agricultural commodities. In the case of such processed or manufactured commodities, the committee amendment provides that the maximum price shall be consistent with the purposes set forth in subsection (a), which deals with the maximum price of the raw agricultural commodity. I think that is the proper interpretation. I may be mistaken, but I offer that as a suggestion.

Mr. BROWN. I would say to the Senator that his interpretation is certainly a possible one, and perhaps the correct one. Nevertheless I should add that there was some doubt among those of us who were engaged in the preparation of the bill whether subsection (c) was necessary as a definition of the subject matter. Some felt that agricultural commodities are commodities which, whether in a raw or processed state, are substantially products of the farm.

Mr. OVERTON. Of course, in interpreting a bill we must consider all the applicable sections. When we consider

section 3 (a) and section 3 (c) we are inevitably driven to the conclusion that the bill makes a distinction between an agricultural commodity and a commodity which is processed or manufactured in whole or in part from an agricultural commodity. That distinction is perfectly obvious. When the Bankhead amendment refers to agricultural commodities it refers solely to raw agricultural commodities. It does not refer to processed agricultural commodities or commodities manufactured in whole or in substantial part from agricultural commodities.

Mr. BROWN. Let me say to the Senator that the first difficulty between the Price Administrator and the Secretary of Agriculture, under the Bankhead amendment, will be the question, Where does the jurisdiction of one end and the jurisdiction of the other begin? That in itself is one of the many reasons why we should not complicate the bill by dividing responsibility between two officials of the Government.

Mr. BANKHEAD. Does the Senator contend that under section 3 butter is not protected in the matter of a price floor because it is not an agricultural commodity?

Mr. BROWN. I call attention to the fact that the Senator from Alabama and the Senator from Louisiana, both proponents of the measure, differ as to whether butter is an agricultural commodity protected by section 3 (a).

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. OVERTON. I do not for a moment contend that butter is not protected by the bill, or by section 3. I say that butter is not referred to in section 3 (a). Butter is referred to in section 3 (c). Do I make myself clear?

Mr. BROWN. Yes.

Mr. BANKHEAD. Does the Senator contend that in the matter of a price floor butter is not protected under section 3?

Mr. BROWN. The question is whether subsection (a) of section 3 protects butter.

Mr. BANKHEAD. How does it protect butter if butter is not an agricultural commodity?

Mr. BROWN. I certainly concede that butter is protected under section 3. But the specific question which has been raised is whether butter is protected under subsection (a) or subsection (c).

Mr. BANKHEAD. The Senator took the position, as I understood him, that butter is not an agricultural commodity. Is that not so?

Mr. BROWN. No; I did not.

Mr. BANKHEAD. What is the Senator's position, then? Let us have it made clear.

Mr. BROWN. I take the position that butter is protected under section 3, but the Senator from Alabama takes the position that butter is protected under subsection (a), while the Senator from Louisiana says that butter is not protected under subsection (a), that it is protected under subsection (c) of section 3 of the bill. That's what I am contending will create difficulty under the Bankhead amendment.

Mr. BANKHEAD. The Senator concedes that; does he not?

Mr. BROWN. I certainly do concede that butter is protected under section 3.

Mr. BANKHEAD. Very well; then we save butter.

Mr. BROWN. But I point out again that the Senator from Alabama and the Senator from Louisiana differ as to whether butter is an agricultural commodity within the meaning of the first section of the subsection.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. LUCAS. A moment ago the Senator from Michigan discussed the question of differences arising with respect to jurisdiction over some subject matter involving the Secretary of Agriculture and the Price Administrator. Under the bill, who would make the decision as to who was correct, in the event there should be any dispute between the two in the event the Bankhead amendment were adopted?

Mr. BROWN. I presume that any such dispute would be actually settled by the President of the United States.

Mr. LUCAS. That is what I am afraid of—not that I am not willing to have him settle a great many disputes; but if there be a dispute between the Price Control Administrator and the Secretary of Agriculture upon this division of authority—which is very important—I am wondering whether the President of the United States will not have all that grief laid on his doorstep, in addition to all the other burdens he has at the present time.

Mr. BROWN. The Senator is certainly correct, and he has stated exactly the point of my argument.

Mr. LUCAS. I wanted to mention the point, because apparently there is already a difference between Senators as to whether butter is an agricultural commodity.

Mr. BROWN. The Senator is on the same side of the controversy.

Mr. LUCAS. If such a dispute now exists between Senators, there would be a similar dispute between the Price Administrator and the Secretary of Agriculture.

Mr. BROWN. Neither one will know by statutory definition where his authority commences and where the other Administrator's authority ends—which is one of the greatest difficulties I have in consideration of the amendment.

Mr. BANKHEAD. Mr. President, if the Senator will yield to me, let me say that I know the Senator is fair, but the same difficulty confronts him in considering what is protected in section 3, under prices, does it not?

Mr. BROWN. Oh, I think the determination would not be made by two agencies of the Government—the Secretary of Agriculture and the Price Administrator. The determination would be made by the Price Administrator in a construction of the act, which would be subject to review by the courts. But, as a practical matter, if the Senator's amendment should be adopted we would have a contest between two agencies of the Government—each one interested in taking all the authority and power he could get—as to which has authority over

butter, as to which has authority over cottonseed oil, and so forth.

Mr. BANKHEAD. I cannot see why there should be any difference of opinion or dispute as to the meaning of the provisions of one section, and not as to the meaning of the other, when the words are the same.

Mr. TRUMAN. Mr. President, will the Senator yield?

Mr. BROWN. I yield to the Senator from Missouri.

Mr. TRUMAN. I should like to say a word in regard to the situation, because I am very much interested in the establishment of some authority with responsibility to say "yes" or "no" in the administration of the war program. The committee of which I happen to be the chairman has had the O. P. M. under consideration. There are two heads to the O. P. M. set-up. No one can say "yes" or "no."

I am as strongly in favor of helping the farmer, as is any other Member of the Senate, but I do not think this is a matter as to which any individual group should be considered. Someone has got to say "yes" or "no" on the price-fixing program. We must trust some individual to do so. We are giving the farmers 110 percent of parity, and I am glad of that. I cannot vote conscientiously for the amendment of the Senator from Alabama and still be consistent with my contention that someone should be responsible for the prosecution of the win-the-war program which we have got to undertake at once.

Mr. MEAD. Mr. President, will the Senator yield to me?

Mr. BROWN. I yield to the Senator from New York.

Mr. MEAD. I should like to ask the distinguished Senator who is sponsoring the bill—I presume the question may have been answered, but there remains some lack of understanding in the Chamber—whether the bill deprives the Secretary of Agriculture of any power he now exercises by statute with reference to marketing agreements and milk orders. Will the power which he now exercises in those instances remain with him?

Mr. BROWN. Every power which now is granted the Secretary of Agriculture under the Agricultural Adjustment Act or any other legislation which grants him any authority to determine prices is not in any way affected by the provisions of the bill.

Mr. President, I do not want to spend too much time in discussing the question of what is covered and what is not covered by the determination of the Price Administrator or the Secretary of Agriculture as to what is and what is not an agricultural commodity. I have before me a list, comprising a page and a half, containing the names of various articles as to which I point out it might be difficult to determine whether they are entirely agricultural products. For instance, butter is an article which, with the possible exception of a little coloring matter added at the time of processing, is entirely a product of the farm. Near the end of the list we find automobile steering wheels, articles which I think

are, by weight, largely products of the farm, in view of the fact that the steering wheels are made of a material derived from soy beans.

I ask unanimous consent that the list be printed in the RECORD at this point in my remarks.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

LIST OF COMMODITIES SUBMITTED BY SENATOR BROWN

Textiles and textile products: Clothing and apparel of all kinds—Work shirts, overalls, suits, overcoats, handkerchiefs, broadcloth, denims, drills, duck, flannels, muslins, percale, sateen, sheeting, toweling, tablecloth, hosiery and underwear, dress goods, hats.

Leather and leather products: Shoes and sole leather, harness, leather luggage, gloves, and belting.

Chemicals: Important alcohols used in making munitions are made from molasses base; acetic acid, soaps and starch, washing powders, paints (casein), turpentine, fertilizer (tankage), tallow.

Household furnishings: Blankets and bedding, comforts, floor coverings, upholstery.

Tobacco products: Cigars, cigarettes, plug and pipe tobacco.

Feeds: Manufactured and processed foods—Cereals and breakfast foods, canned soup, cornstarch, vegetable oils, peanut butter, molasses, glucose, jelly, lard, dried beans and onions, grapejuice, canned fruits and vegetables, macaroni, processed cheese, cornmeal, edible tallow.

Automobiles: Steering wheels, cloth, tires, oils, paints.

Mr. BROWN. So, Mr. President, I say that there is the danger under the Bankhead amendment that disputes might be engendered between the Price Administrator and the Secretary of Agriculture with respect to practically all food products, a great many articles of clothing of which cotton and wool are the chief ingredients, leather goods, and many other materials included in the list.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. BROWN. I yield to the Senator from Illinois.

Mr. LUCAS. The Senator from Michigan just sent to the desk and asked unanimous consent to have printed in the RECORD as a part of his remarks a list of commodities with respect to which there might be some question whether they are agricultural commodities; did he not?

Mr. BROWN. Yes.

Mr. LUCAS. How many agricultural commodities are included in the list.

Mr. BROWN. In the list, which comprised a page and a half, there is an item-by-item tabulation of, I should judge, about 45 articles as to which disputes might arise. But I think the list could be greatly expanded.

Mr. LUCAS. The list includes at least 45 articles as to which there might be a jurisdictional dispute between the two groups?

Mr. BROWN. Yes.

Mr. President, I contend that there will be one of two results: Either an almost complete and total control over the two principal items in the cost of living—food and clothing—would be placed in the Secretary of Agriculture; or there would be a dispute and a difference

between the Price Administrator and the Secretary of Agriculture as to which one had jurisdiction over particular products.

So I say we would have such a situation that the undoubted and acknowledged authority of the price administrator might be confined only to that narrow class of manufactured goods in which products of the farm, and, possibly, the products of the forest, would not be essential ingredients. Why enact a piece of legislation which might not finally settle the dispute which took place in the hearings before the Banking and Currency Committee? When the Secretary of Agriculture was before us there was decided difference between him and the Price Administrator over the question of who would have control over agricultural commodities. Should we pass a bill which is uncertain, indefinite, and sure to cause differences between them?

As the Senator from Nebraska this morning said, the essential thing is this: Price control is a relative matter; we are going to have higher and higher prices—there can be no doubt about that—and what we want now is an over-all control over those prices, a control of all elements of the price structure.

The question before us is whether we shall deal with relationship between agricultural prices without reference to their relationship to the products of the factory or products of the forests or the products of the sea or any of our other essential productive enterprises?

Senators talk as if the Price Administrator, all by himself, without any advice from anyone, without any study into the fundamental and underlying facts, is going to sit at a table and arbitrarily order this and that, without thought or consideration, to be the price of a particular commodity. Senators know that that is not so.

I have heard complaint about the size of the Henderson organization and about the large building it occupies in Washington. He has many employees working for him; but do not for one moment think that he does not consult the Secretary of Agriculture or the Department of Commerce; that he does not talk with representatives of the Department of Labor; that he does not use the tremendous amount of information which is gathered and made available by the different departments of the Government. All of it is taken into consideration.

Briefly, I wish to point out to the Senate that there are four steps which are taken by the Price Administrator in the establishment of prices. First, his own Statistical Division is called upon. It gathers the facts, not in the way the Department of Labor does, for that Department has a purpose of its own; not in the way the Department of Agriculture does, for that Department also has a purpose of its own; not in the way that the Department of Commerce does, for that Department likewise has a specific purpose; but his agency gathers the facts and assembles them for the purpose of determining the relationship between various commodities and the relationship of their prices to each other. The Office

of Price Administration gets the facts through its own staff.

Second, before any price is announced, they then call upon representatives of the interested departments. In the case of an agricultural commodity, they consult with representatives of the Department of Agriculture; with respect to any matter in which labor is involved, they call upon the Bureau of Labor Statistics; likewise, with respect to matters affecting commerce, they call upon the Department of Commerce; and in other cases they call on other Government departments.

I may say that I have no objection whatsoever to the amendment which the Senator from Georgia intends to offer, which would require Mr. Henderson in finally fixing and establishing a price to consult with representative groups of industry. I have not read it as to language, but I am satisfied that any amendment he may draft properly sets forth the purpose. I think that is proper; but I say that at the present time that is done, and prices are not finally fixed until there has been conferences between representatives of the price administration and representatives of the industry affected. The judgment of all these agencies is placed before the Price Administrator; the fundamental facts are brought out before him and the judgment, based upon that statistical foundation, is the judgment of the Office of Price Administration.

As I have said, there is no objection on the part of the Administrator and no objection on the part of the Senator from Michigan, who is charged with the responsibility of representing the Banking and Currency Committee here, to requiring that those things be done; but I submit, when it comes to the matter of final judgment and determination, if we are going to do a good job, we have got to give this authority to one strong, capable individual, selected by the President; and, unquestionably, that man will be the present Price Administrator.

Mr. President, in view of what the distinguished Senator from Alabama said, I think that we ought to give a little consideration to what has happened to farm commodities in the past few years, particularly since August 1939, when the great catastrophe which has engulfed the world first struck. Using August 1939 as a base of 100, the prices received by farmers for their products have substantially increased, as follows:

In May of 1940 they had increased from 100 to 111. In March of 1941 they had increased from 100 to 117. In November of 1941 they had increased from 100 to 153. That, Mr. President, is a significant date, because immediately thereafter occurred the attack at Pearl Harbor; and wholesale prices of farm commodities jumped from 153 in 1 month, down to the present time, to 172 percent of the level of prices in August of 1939.

Mr. President, it is not easy for one who represents one of the largest States in the Union, known throughout the Nation as a great industrial State, to speak for it without realizing that Michigan is also a great agricultural State. I am

not one to deny that I should like to do all that I can, within reason, for the farmers of my State. I have done so heretofore, as the Senator from Alabama has pointed out. But at this time, when we are asking other men to make sacrifices far greater than any we can make by our votes upon the floor of the Senate, I think I can say to the farmers of Michigan that I must give consideration to the greater good of all the people of Michigan and all the people of the United States; and if at this moment I must say to the farmer, "I cannot let you go quite as far as you want to go," and say that to every other producing group, I shall feel better about it than if I should yield now in a way which would satisfy one particular group, and should forget the inarticulate, most numerous class in all America, but least heard from, the general consuming public.

I should not, however, want to leave the subject in that way. I think it is reasonable to say that all farmers, certainly the great bulk of farmers, do not feel that they are entitled to any special consideration in the circumstances in which we find ourselves today.

I do not think the average farmer or the bulk of the farmers want to repeat the mistakes that were made in 1917 and in the period from 1920 to 1930. Senators will recall the argument made yesterday by the Senator from Oklahoma [Mr. THOMAS], in which he suggested the period from 1920 to 1930 as an ideal period, a period of rising prices from 1921 to 1929. As I pointed out then, that period ended in the greatest peacetime catastrophe from which the American people ever suffered, and it was due in large part to the fact that the prices of commodities were spiraling upward and upward and upward.

We do not want to repeat that error. That is the reason why we are trying to control the situation today by giving one man authority over all control of all commodities which are sold upon the public markets of the United States.

To be a little more specific, the increases in prices of the following commodities are significant:

From August of 1939 to December of 1941, wheat increased in price 87 percent; corn, 46 percent; cotton, 87 percent; apples, 70 percent; hogs, 86 percent; butterfat, 61 percent; eggs, 96 percent; wool, 69 percent.

Again, giving a general average of wholesale prices, the increase in prices of farm products generally from August 1939 to December 27, 1941, was 56 percent.

Mr. President, it seems to me those figures fairly well establish that we have had a general rise of prices, and that we should not pick out one class of commodities and go further with respect to that class than we do with respect to any other class in the entire productive picture. But, Mr. President, I want to impress upon Senators who represent the great agricultural districts of the country that when we went into this subject matter we were asked by responsible representatives of the farm organizations and by the Secretary of Agriculture to do certain things for agriculture

in this bill, to establish certain limitations in it with respect to agriculture, that did not apply to any other producing class whatever.

In the House committee, in the House of Representatives itself, and in the Senate committee, those arguments were given careful consideration; and the result was that we did for agriculture some things that were not done for other producing classes. I think our action was just, and I thought we were doing what agriculture wanted; for I believe everything that was asked by reasonable representatives of agriculture and by the Secretary of Agriculture with respect to agriculture was written into the bill.

I do not want to weary Senators, but I feel that I should buttress that statement by some things that were said.

The head of the American Farm Bureau Federation, Mr. Edward A. O'Neal—whom we all respect as one of the reasonably minded farm leaders of the country—came before our committee and said:

In order to prevent disastrous inflation, we urge prompt action by Congress to establish, for the period of the national emergency and for an adequate time thereafter, a Federal authority to establish maximum prices for commodities * * *. In order to prevent the average price received by farmers for any agricultural commodity being depressed below parity through the operation of price controls, no price ceiling should be established on any agricultural commodity, or the products thereof, at a price less than 110 percent of parity.

Elsewhere in his testimony he said:

Such legislation—

Referring to this legislation—

should recognize the parity principle so as to provide a fair balance between farm prices, industrial prices, and wages. However, it should be borne in mind that maintenance of parity for farm products will not, within itself, control inflation. In order to prevent the average annual farm price of any agricultural commodity from being depressed below parity, no ceiling should be fixed on such commodities or products thereof at less than 110 percent of parity prices, adjusted periodically.

Again, on page 440 we find a quotation from a prominent farm magazine published in the State of Iowa:

To ask for parity—that is, for a price that will buy as much in nonfarm goods as in the pre-war period is something else. * * * To get an average parity, a floor of 85 percent and a ceiling of 110 percent is probably necessary. Certainly, a floor of 85 percent and a ceiling of 100 percent, would result in a year's average considerably less than parity.

So, Mr. President, all through the hearings there was insistence upon that one proposition, that we fix parity at 110 percent.

I now desire to have the attention of the senior Senator from Alabama. I say to him that in all good faith the members of the Committee on Banking and Currency, and of the subcommittee, supposed that if we agreed to a basis of 110 percent of parity, and the October 1, 1941, date, we would not have difficulty from the committee, at least, upon the floor of the Senate.

Mr. BANKHEAD. Mr. President—

Mr. BROWN. Let me finish my statement, and then I shall yield to the Sena-

tor. I think he should permit me to finish my statement.

Mr. BANKHEAD. Certainly.

Mr. BROWN. We supposed that we would not have difficulty on the floor of the Senate, at least from any member of the committee. In good part, I accepted that.

Mr. BANKHEAD. I do not like to enter into personal controversies—

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from Alabama?

Mr. BROWN. I yield.

Mr. BANKHEAD. I know the Senator recalls that I submitted two amendments on this subject to the subcommittee, one taking absolute control away, and the other the amendment now pending. I submitted both amendments to the full committee, and stated that I would take them to the floor. I also stated that I would support the Brown amendment on the floor. I think that in justice to me the Senator should not leave the inference his statement would leave.

Mr. BROWN. I merely say to the Senator that I think he will concede I had good reason to believe that if I agreed to the 110 percent of parity, and agreed to the October 1, 1941, date, the members of the committee would be satisfied with the agricultural floors which were fixed in the bill.

Mr. President, I thought that arrangement was satisfactory at the time, and I will add that there was great reluctance to agree to it on the part of some members of the committee, but, spurred by the majority leader and myself, we did agree, and we thought we were doing what Mr. O'Neal wanted; within reason, we thought we were doing what the Senator from Alabama wanted, and we thought this controversy was pretty largely out the window. Not only that, but we were also doing all the Secretary of Agriculture asked. In his testimony before the House committee on Tuesday, October 21 last, he said:

Mr. Chairman and members of the committee, I agree thoroughly with the objectives of the pending bill.

He said absolutely nothing about retaining to himself an authority over agricultural prices. He stated:

I assume that the bill uses the parity principle for farm prices because it is fair to both farmers and consumers. It asks no more of consumers than that they should pay prices sufficient to keep farmers producing under conditions which will permit a decent standard of living. Fair-minded consumers will admit that farm-product prices have been bargain prices during most of the last 20 years.

He then proceeded to say:

There is a perfectly practical and obvious reason for stipulating that no ceiling should be imposed on farm products at less than 110 percent of parity, rather than exactly at parity.

Mr. DOWNEY. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. DOWNEY. Let me say preliminarily that I have a very great admiration for the way in which the distinguished Senator from Michigan has handled the bill. I think the clarity and

energy he has brought to its consideration have performed a very great service for us all. But I must admit that in regard to the particular amendment now pending my vote is a matter of rather serious concern to me. I have not heard all the argument by the distinguished Senator on this particular point, but the part I have heard seems to assume that not only will the amendment be favorable to the viewpoint of the farmer but that it will work out less efficiently and less successfully. That seems to me to be assuming the whole argument. I have not heard the Senator address himself to that. Is it not possible that the Secretary of Agriculture, who is an expert in this subject, working in conjunction with the able Price Administrator, might be able to handle farm prices and farm crops more successfully? If I were convinced of what the Senator says or seems to indicate, that, of course, if we should give the entire power to the Price Administrator the law would be efficiently administered, then the question would be closed; but that is not entirely clear to my mind.

Mr. BROWN. I do not know when the Senator entered the Chamber, but that is the argument to which I addressed myself for some time, that it was desirable to have a one-man over-all authority to control prices, that he should use all the agencies of the Government, including the Department of Agriculture, to obtain all the statistical information he could get from those agencies, and the advice of the appropriate Department—be it Agriculture, Commerce, Labor, or what not—before he fixed his price, but that I wanted no division of authority as between the two of them, first, as to what was an agricultural commodity—and I discussed that at some length—and, second, as to what the price of the particular agricultural commodity should be. I have been addressing myself at this time to the proposition that all that the responsible farm representatives asked of us was that the Price Administrator should be limited in regard to the exercise of this authority to a certain floor below which he could not go, and that was 110 percent of parity.

Mr. DOWNEY. Will the Senator yield further?

Mr. BROWN. I yield.

Mr. DOWNEY. Of course, I clearly understood the position of the distinguished Senator as just stated, that it was his very positive opinion that the law would be better administered if one man were given the control; but that hardly answers my question. That statement still assumes that one man as Price Administrator would do the job more efficiently than that man working in conjunction with, and perhaps someone subordinate to, the Secretary of Agriculture, whose particular duties encompass the subject of farm crops. I do not think that the response the distinguished Senator just made to me, at least as I see it, covers that point. I think it still assumes that there would be a more efficient administration by one man.

Mr. BROWN. I thoroughly agree with the assumption that there would be more efficient administration by one man.

Mr. LEE. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. LEE. I intend to vote for the Bankhead amendment, but I want it clearly understood that my decision to do so is not based on my lack of faith or confidence in any way in the ability of Mr. Leon Henderson to administer the program fairly. It is based entirely on the fact that there are surpluses in farm commodities, and that there is no logical reason for fixing a price ceiling on the prices of commodities of which we have a surplus. On that alone I am basing my belief that we should not place a ceiling on farm commodities, because the price will be determined by the law of supply and demand. There is no reason for replacing the law of supply and demand. There would be no reason for the entire bill if it were not that war results in shortages in certain necessary things.

No one has presented an argument that the war is going to cause shortages in agricultural commodities that would be cured by the bill. The contrary is true. If shortages occur in agricultural products the thing that would relieve them would be a price rise which would invite greater production. Therefore, I offer this explanation of my vote.

Mr. BONE. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. BONE. Does the Senator from Oklahoma feel that, in view of this program which contemplates unlimited aid to those who are our allies, there is likely to remain any surplus in any fundamental food crop?

Mr. LEE. If there is not any surplus, then the price should rise in order to increase production. That is the argument I make.

Mr. BONE. I understand that, but there are too many imponderables in this picture to permit us to take it up by its four corners and have any aspect of finality. I do not know whether we are or are not going to have surpluses. If we are going to feed the peoples of the nations of the world who are helping us, it seems to me we will not have surpluses.

On a recent trip, before I returned to the Senate, I noticed in the press that the Department of Agriculture was calling on the farmers to produce to the limit. If we are likely to continue to have surpluses it is not necessary to urge the farmers to produce to the limit. If surpluses are going to continue there would not be any real pressing need to urge the farmers to produce in greater abundance. I do not know that I am correct about that, but it seems to me it indicates the absence of any definite knowledge of just what course the program should take.

I should like to suggest one thing that has come to my attention recently in respect to the proposal before us. Recently Congress passed a law authorizing the President to exercise powers which he heretofore had been denied the right to exercise. He is authorized now by existing legislation to turn over the functions of any department to any other department. That is a blanket, sweeping grant of legislative power given

to the President, which is without any limit whatever. It is not repealed, either directly or by implication, in this measure, and it would therefore remain law.

Now, I notice that the committee has incorporated in the bill, on page 33, a provision authorizing the President to transfer to any other department the functions of the Price Administrator. I know that no one would challenge the high purpose of the President in transferring any functions of this agency to another department if he felt it was necessary. So, whatever we do here—if we pass any legislation with a provision such as this in it, we do so with the certain knowledge that the President himself would have power to correct anything that might appear to be maladroitness, or cumbersome, or that was working a hardship on anyone. Am I correct in the assumption that the power referred to is a blanket power?

Mr. BROWN. The Senator from Washington is correct. We thought, in view of the Van Nuys Act, which was passed here some days ago—I think in the preceding session in December—that, under the provisions found on page 33 of the bill, beginning in line 18, the authority to transfer functions would exist if the bill were enacted into law.

Mr. BONE. If the bill is enacted, we enact it with the certainty that if Mr. Roosevelt feels that any injustice is being done, he has it within his power, under the broad provisions of this grant of power in the bill, to make any shift of functions that appeals to him as being desirable or necessary? Therefore, we would have the assurance, at least, if the legislation became law, that the President himself could correct any abuse if one should develop? Am I correct in that statement?

Mr. BROWN. That provision was placed in the bill at the request, I think, of the Senator from Ohio [Mr. Taft] and the Senator from Alabama [Mr. Bankhead], who desired that if the President found that it would be wise to transfer the control over any particular commodity to an agency specially equipped, the President unquestionably should have the authority to do so. That was the purpose of that particular provision.

Mr. BONE. The grant of power was so sweeping and so complete that it challenged my attention, and it seems to me it colors any such legislation as this, because the power is retained in the hands of the President to make any shift or change he sees fit.

Mr. BROWN. We thought the President should have the authority to determine those matters.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. BARKLEY. While it is true, as suggested by the Senator from Washington [Mr. Bone], and agreed to by the Senator from Michigan [Mr. Brown], that under the provisions of the bill the President has the authority to transfer the functions of any agency to another agency, and, therefore, he could transfer from the Price Administrator the power to fix maximum prices on agricultural

products, so long as that power remains in the Price Administrator, the President could not take away from the Secretary of Agriculture the power to approve or disapprove what the Price Administrator does. He could transfer to the Secretary of Agriculture the functions of the Price Administrator with respect to farm products, but he could not take away from the Secretary of Agriculture the power of approval so long as the Price Administrator exercises his functions, and that would be the result of the adoption of this amendment.

Mr. BONE. Oh, yes; I did not intend to give my suggestion any such color. I merely pointed out that Congress has seen fit—and I think wisely—to vest in the President a vast discretion in an emergency of this kind, and it seems to me it would be unwise for Congress in such a critical moment as now confronts the country to deprive the President of a large amount of power, for he is going to be blamed for many things that happen and for many that do not happen.

Mr. BARKLEY. I agree with the Senator, but I was assuming what the Senator had in mind would happen if the pending amendment were adopted.

Will the Senator from Michigan yield to me further?

Mr. BROWN. I yield.

Mr. BARKLEY. The Senator from Oklahoma [Mr. LEE] made a suggestion with reference to farm surpluses. It is true that there are surpluses in two or three crops, such as cotton and wheat. They are controlled surpluses, however, and there is no way to predict how long those surpluses will exist, and there are vastly more agricultural commodities in which there is no surplus than there are in which there is a surplus. If we are going to deal with agricultural products at all we have to deal with all of them, those in which there is a temporary surplus and those in which there is no surplus. It seems to me the mere fact that in two or three commodities there is a surplus, which is, in effect, a controlled surplus, offers no reason to eliminate agricultural products altogether from the bill, as is suggested by my good friend the Senator from Oklahoma.

Mr. BROWN. Mr. President, I wish to say with reference to the question which the Senator from Oklahoma raised that I am fairly familiar, through having handled some of the commodity credit legislation here, with the general conditions in those agencies of the Government having control of surpluses, and that was the subject of a great deal of discussion before the committee. We came to the conclusion that the Price Administrator had the right to buy those commodities if desirable, but believed there should be retained in the agency controlling the commodities, usually the board of directors of the corporation, often the Secretary of Commerce, sometimes the Secretary of Agriculture, control over the question of whether they would sell. As I think was indicated in the extensive debate on the floor the other day, we concluded to write into the bill, and I think we have authority in the Price Administrator to buy, and author-

ity in the agencies which now hold the surpluses to refuse to sell.

Second, I say to the Senator that, as the senior Senator from Alabama [Mr. BANKHEAD] has said many times today, it is probable that it will be some time before agricultural prices reach 110 percent of parity. Until the prices of agricultural products reach a relationship with other commodities represented by a comparison indicated by the percentage of 110, the Price Administrator may not operate at all.

Mr. LEE. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. LEE. I should like to ask the Senator a question or two. Can the Senator cite some well-known agricultural product and visualize a situation in which it would be necessary and advisable for the Administrator to fix a ceiling?

Mr. BROWN. What commodity does the Senator have in mind?

Mr. LEE. Let us take wheat, which enters into bread.

Mr. BROWN. If the price should reach beyond 110 percent of parity, and that figure should be above the October 1 to 15 standard, and above the price on October 1, 1941, he could operate. Whether he would establish a ceiling would be a matter for his judgment and determination. I answer directly the question the Senator asks by saying that if the price of wheat were then out of line with the general level of prices perhaps he ought to operate. If it were not out of line, and the prices of other products were coming up to that figure—products such as corn, cotton, oats, potatoes, and manufactured products—he ought not to operate, but ought to let the process go on.

Mr. LEE. What condition would exist which would make wheat out of line? Would it not be a shortage of wheat?

Mr. BROWN. It might be shipments of large amounts of wheat to England or Russia. It might be a scarcity.

Mr. LEE. The answer is that a shortage of wheat might create such a situation?

Mr. BROWN. That is true.

Mr. LEE. What would be the best way to relieve the shortage? Would not the best way be to let the price go up so that farmers would increase their production?

Mr. BROWN. That is a factor which, under section 1 of the bill, the Price Administrator is required to take into consideration. He is required to consider productive capacity. Under those circumstances, if an increase in price would bring out an increased supply, he would increase the price. However, the Senator is simply stating the law of supply and demand.

Mr. LEE. I understand that.

Mr. BROWN. Our whole theory is based upon the proposition that the law of supply and demand gets out of kilter when extraordinary conditions make enormous demands upon us.

Mr. LEE. That is true only with respect to such commodities as we are trying to divert from civilian consumption to war use. In doing so we create certain shortages which would make

prices skyrocket beyond reason, and cause inflation. That is not the case with respect to agricultural commodities. That is the argument I am trying to make. Bread is as necessary for civilians as it is for soldiers. Therefore the situation is different; and the law of supply and demand is exactly what we want to operate during wartime, in order to increase production when there is an approaching shortage.

Mr. BROWN. Does the Senator feel that it would be wise simply to exempt agricultural products entirely from the bill?

Mr. LEE. I do.

Mr. BROWN. And refer only to the products of all other classes of producers in the United States?

Mr. LEE. Does not the bill entirely exempt labor, and is not the cost of labor the largest factor in the cost of production of war materials?

Mr. BROWN. I think we ought not to be compelled now to go into that question, because it is a large question in itself and will be the subject of considerable discussion by the Senator from Michigan and others.

Mr. LEE. We will pass that question. I have not yet been given a good reason why agricultural commodities should not be exempt, and why exempting them would in any way nullify or injure the purpose we are attempting to accomplish. I wish someone would take one agricultural commodity and follow it through in an illustration to show how the exemption of agricultural products would in any way destroy what we are trying to do by this bill.

Mr. BROWN. Certainly if agricultural prices should reach 140 percent of parity, thereby causing all the consumers in the United States to pay extraordinary prices for agricultural products, we should have a situation which would be most unfortunate for the consumers. We should then have a demand for an increase in the prices of the commodities which other classes of producers in the United States produce, in order to enable them to buy agricultural products. Following the rise in those prices we should have a demand on the part of agriculture for higher prices, a lifting of the ceiling, and so forth, to enable the producers of agricultural products to buy the products of manufacturers. That is the vicious spiral, up, up, up, which we want to avoid by the passage of the bill.

Mr. LEE. If the Senator will yield further, there is only one thing that would make the price of any agricultural commodity rise to the point indicated by the Senator, and that is a shortage of that commodity. The only relief for that shortage would be for the price to rise until it had become so attractive that the farmer would increase his production of that very commodity.

Mr. BROWN. Then, of course, we should reach almost exactly the situation which resulted in the collapse immediately following the war in 1919, and the collapse which occurred in 1929—the most ruinous for agriculture in the history of the United States. And I might add the significant point that the exorbitant prices of World War No. 1 did not,

contrary to the views expressed by the Senator from Oklahoma and others, substantially increase our production.

Mr. O'DANIEL. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. O'DANIEL. Let me ask the Senator from Michigan why labor wages were excluded from the bill?

Mr. BROWN. That is a subject matter which will be taken up later. I think the Senator from Missouri [Mr. CLARK] intends to offer an amendment along that line. It is a subject matter on which I have prepared an extended brief. I do not like to take the time of the Senate to go into that matter at the present time. Briefly, I can say that there were two main reasons why we did not include labor in the bill. Perhaps I ought to say that the Senator from Texas also has an amendment along that line. I know of his great interest in that subject.

There was no member of the subcommittee who, after hearing all the testimony, felt that labor should be included in the bill. One member of the full committee took the view that probably we should go into that subject matter.

The reasons why labor was not included in the bill were, first, that it is such a tremendous subject. It is now under the jurisdiction of the Committee on Education and Labor, and is the subject of negotiations between the President, both capital and labor, and the Department of Labor, including the various conciliation agencies under the Department of Labor and other mediation boards. We felt that we ought to permit those agencies to determine that question. That point does not go to the merits of the question.

Second, we came to the conclusion that if we were to regulate the wages of labor we should have to regulate the profits received by individuals throughout the United States. We should have to regulate the salary of every clerk in every department store in the United States. We should have to regulate the compensation received by every dentist, doctor, and every other earner in the United States. The Committee on Banking and Currency felt that such a task would be too great to place upon the Price Administrator, inasmuch as the bill is directed toward commodities, and not toward individuals.

Third, we came to the conclusion—and ex-President Hoover, who had great experience along this line, fully agreed with our views—that as to any product of which labor is a part, the price of the product itself is a control over the level of wages in the industry producing any such commodity which we might attempt to control.

Briefly, those are the reasons why we did not include wages in the bill.

Mr. O'DANIEL. I appreciate the answer, and I am wholly in accord with the reasons. I do not believe labor should be included in the bill, and the Senator from Michigan has given some very good arguments as to why the Bankhead amendment should be agreed to.

Mr. BROWN. I realize that the Senator from Texas does not think there

should be anything in the bill; I think if we were to open the bill at page 1 and were to find 33 blank pages, the Senator from Texas would be entirely satisfied; in fact, no other bill would satisfy him. [Laughter.]

Mr. O'DANIEL. The Senator from Texas would be satisfied to have the entire bill eliminated, because the Senator from Texas believes that there is another method of approach—a method which would settle our problem better, more completely, and more economically.

But with reference to the exclusion of wages from the bill, it is my understanding that the Senator has said that wages are excluded chiefly because labor is pretty well taken care of by other departments of our Government and by mutual agreements. I do not exactly agree with that statement, but at any rate, that is the theory on which labor has been excluded from the bill.

On the same theory, I should like to call attention to the fact that agriculture has been very well taken care of by the Department of Agriculture. We have gone through a period of severe depression which has been detrimental to the agricultural interests. Yet, through indirect price control by the Secretary of Agriculture, through the process of reduction of acreage, through the lending process, through the storage process, through the buying-and-selling process, the prices of agricultural commodities have been held in check, so that there has been very little complaint on the part of consumers, and the agricultural interests themselves have been to a degree not entirely satisfied, but partially satisfied.

Inasmuch as the agricultural problem has been handled with great satisfaction, as wages have been handled, why should the whole tenor of the bill be directed against agriculture? All the references made in the arguments we have heard this week have been references to agricultural commodities and things that affect agriculture. The whole bill seems to be aimed at agriculture.

Why should we upset the whole scheme which we have been following, a scheme which was adopted by the Congress of the United States in authorizing the Secretary of Agriculture to establish rules and regulations which have brought about a most successful degree of indirect price control? Why should we now upset all that by trying to turn the administration over to a department which has not yet been established by law? That is the point I am trying to develop. Why should we do to agriculture what we would not attempt to do to labor, when agriculture has done as good a job as, if not a better job than, the labor leaders have done for labor?

Another point I should like to bring out is with respect to divided control. Of course, we all know that there should not be divided control; and that is exactly what the Bankhead amendment seeks to prevent. It seeks to prevent divided control in the Department of Agriculture. The enactment of the bill would establish divided control in the Department of Agriculture. By his plans and system and process of regulated acreage, the

Secretary of Agriculture is and has been controlling prices. If we turn price control over to a price administrator, we shall have divided control.

The Bankhead amendment is designed to keep single control over the prices of agriculture by leaving the control in the Department of Agriculture, a department which already is established and working successfully, instead of giving divided control to the Price Administrator who is proposed to be established. The establishment of such division of control would take away from the Secretary of Agriculture his indirect control of prices and would wreck the Department of Agriculture's ability to do any further good for the farmers, ranchers, and cattle raisers of the Nation.

Mr. BROWN. The Senator from Texas seems to assume that the authority granted in the bill is authority to restrict agriculture; and he says that we seem to be talking all the time about agriculture. I am sure that is not my fault. We have in the bill only one little section relating to agriculture which can be contained within the limits of one page. We do not attempt by that section to do something to agriculture; we try to do a great deal for agriculture. That is what we are talking about. We do not talk about the man who makes a suit of clothes or the man who makes any one of the numerous articles which we use in our everyday life, the man who makes furniture, the man who makes mattresses, or the man who makes any type of manufactured products.

I am quite familiar with the production of automobiles. Not only will the prices of automobiles be regulated but in my State our people will not be permitted to manufacture any more automobiles.

The automobile business is a tremendous one. In that business from 200,000 to 300,000 people will be thrown out of employment on the 1st day of February of this year, and they will be out of work for from 2 to 5 months. That is a serious situation. We are doing something to that industry, not only by this legislation, but by other legislation. Throughout the entire United States many small manufacturing establishments will be denied the right to make the things they have been making for years, and their employees will be thrown out of work. We do not hear anything about the sacrifices they will be called upon to make in connection with this bill; but they are making sacrifices. They are not being given a floor of 110 percent on the products they make; they are being denied the right to make any products.

I am not here to make a speech in their behalf. I am here to try to show my fellow Senators that in the House of Representatives and in the Senate Committee on Banking and Currency cognizance was taken of the special circumstances surrounding agriculture; and, because prices of agricultural products had perhaps been below the general level of prices for some time, we thought we ought to permit them to go above their former level. We inquired, "How far should we permit them to go above it?" We asked Mr. O'Neal to come before us; and he

told us that we should permit agricultural prices to go up to 110 percent of parity. We asked Secretary Wickard to come before us, and he told us that we should permit agricultural prices to go up to 110 percent of parity. We adopted their views. We accepted 110 percent of parity, and said the farmer is entitled to a special break. Perhaps if we had said nothing at all about it in the bill we should have got it through a little more easily.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. RUSSELL. The Senator has referred a number of times to the fact that Mr. O'Neal, the leader of a group of American farmers, and the Secretary of Agriculture requested 110 percent of parity. The Senator intimated, if he did not so state, that when it wrote in the formula for 110 percent of parity, the committee thought it had complied with the requests of the farm organizations and of the Department of Agriculture.

I desire to point out to the able Senator in charge of the bill, who has shown an amazing grasp of the record in this case, as well as of the innumerable statistics and complications of the bill, that in his appearance before the committee Mr. O'Neal specifically stated, as appears on page 443 of the hearings, that the administration of agricultural prices should be in the Department of Agriculture. To clarify the position of those who from the very beginning have been contending for adoption of the principle embraced in the Bankhead amendment, I desire to read into the Record at this point a very brief excerpt from Mr. O'Neal's statement:

Mr. O'NEAL. * * * It is our opinion that the price ceilings placed on agriculture should be fixed in such way as to be consistent with the need of the Nation for additional food production. It is well known that the Secretary of Agriculture is asking for increased production of fats and oils. Arbitrary action by Mr. Henderson in fixing prices on fats and oils without consulting the proper officials of the Department of Agriculture is a positive indication that he is not properly coordinating his efforts to control prices with those of the Secretary of Agriculture to get needed food production.

In order that the activities of the Price Control Administration be properly coordinated with the "food for freedom" program, we feel that the price-control bill should contain a provision that a price ceiling shall not be fixed on any agricultural commodity or primary product thereof without the approval of the Secretary of Agriculture. This should be in the law. A promise from the present Price Control Administrator that he would not fix price ceilings without getting the approval of the proper officials in the Department of Agriculture is obviously not sufficient to protect agriculture or the war effort.

So, instead of this being an afterthought, something that was cooked up afterward, everyone had agreed on it. The record discloses that Mr. O'Neal, whom the Senator himself quoted, and for that reason I read from his testimony, was insisting at the hearings that any action with respect to fixing prices of agricultural commodities should not be effective until it was approved by the Secretary of Agriculture, that being

the very gist of the amendment which has been submitted by the Senator from Alabama.

I do not know about any statement the Senator from Alabama may have made in the committee, but I would rely absolutely on anything he said.

Mr. BANKHEAD. I made a statement and notified the committee of my intention.

Mr. RUSSELL. I know those of us who have been interested in agriculture have insisted from the very inception of this legislation that any action with respect to the prices of agricultural commodities, which are vital to the Nation in this perilous hour, should not be taken by one who is not familiar at all with all the ins and outs of agriculture and without consulting the Secretary of Agriculture.

Mr. BANKHEAD. Mr. President, in that connection, will the Senator from Michigan allow me to read a telegram, which I understand Mr. O'Neal has sent to all Members of the Senate?

Mr. BROWN. I yield.

Mr. BANKHEAD. The telegram reads as follows:

WASHINGTON, D. C., January 9, 1942.

Respectfully urge your support of Bankhead amendment to pending price-control bill. This amendment imperatively necessary to keep faith with pledges of Congress and administration to millions of farmers who are mobilizing in an all-out effort to produce adequate food and fiber to win the war. Without this amendment entire agricultural production for defense program stands in jeopardy. This amendment also necessary in order to prevent dual authority in the administration of agricultural programs.

EDWARD A. O'NEAL,
President, American Farm
Bureau Federation.

Mr. BROWN. I assume that the Senator from Georgia has had sufficient experience, both as Governor of the State of Georgia, in which office he made a very distinguished record, and as chairman of the subcommittee on agricultural appropriations of the great Appropriations Committee of the Senate, to know that not only representatives of farm organizations and labor organizations but all other organizations which very rightfully appear before us sometimes ask for a little more than they think they are going to receive.

Mr. RUSSELL. Mr. O'Neal asked for a great deal more than he thought he was going to receive here. I had not read his statement until a few moments ago, but I find that he was very insistent that this bill should also regulate the wages of those not engaged in agriculture; and, from a reading of the record, certainly nothing appears that would show that Mr. O'Neal spoke with his tongue in his cheek when he insisted on the Department of Agriculture having something to do with fixing agricultural prices. On the contrary, he took two or three pages—I did not read it all to the Senate because I did not want to take the time it would have involved—in denunciation of the action of Mr. Henderson in fixing certain prices without even consulting the Department of Agriculture, and was most vehement in his statement that there should be an express provi-

sion in this measure that no agricultural price should be fixed without the approval of the Secretary of Agriculture.

Mr. BROWN. In that connection, there appears in the record of the committee the resolution adopted by the twenty-third annual convention of the American Farm Bureau Federation held at Chicago on December 11, 1941.

Mr. RUSSELL. On what page is it?

Mr. BROWN. It is on page 431 of the hearings. In that resolution they took up this subject and, likewise, made as their cardinal point the 110 percent of parity figure. I quote from the resolution:

In order to prevent the average price received by farmers for any agricultural commodity being depressed below parity through the operation of price controls, no price ceiling should be established on any agricultural commodity or the products thereof, at a price less than 110 percent of parity.

That statement is found at the end of the second paragraph. I do not find, from a hasty scanning of the resolution, any reference to the other subject matter. I will say, however, that Mr. O'Neal spoke immediately after Mr. Hoover spoke, and the real author of the proposition to leave control in the Department of Agriculture was Mr. Hoover.

Mr. RUSSELL. That is an assumption on the Senator's part, is it not?

Mr. BROWN. I say that Mr. O'Neal spoke after Mr. Hoover had advanced that proposition. Mr. O'Neal very likely had the idea prior to that time, but Mr. Hoover was the first witness who advocated the proposition of giving control to the Secretary of Agriculture.

Mr. BANKHEAD. Mr. President, will the Senator from Georgia let me make a statement?

Mr. RUSSELL. The Senator from Michigan has the floor.

Mr. BROWN. I yield.

Mr. BANKHEAD. I wish to say on that point, and to call the attention of the Senator from Michigan to it, that Mr. Hoover testified in the morning, and immediately after lunch Mr. O'Neal came forward with his prepared statement.

Mr. BROWN. I said so. He spoke some time after Mr. Hoover had testified.

Mr. RUSSELL. Mr. President, the Senator from Michigan knows all about this bill, but I doubt whether the Senator from Michigan knows, as a matter of fact, that Mr. Hoover gave to Mr. O'Neal the idea that the Secretary of Agriculture should approve the fixing of farm prices.

Mr. BROWN. I did not say that. I said Mr. Hoover was the first man in the hearings of the Senate committee to advocate the proposition, and that Mr. O'Neal testified after Mr. Hoover testified on the day in question. Very likely Mr. O'Neal's statement had been prepared before Mr. Hoover testified.

Now I call attention to the fact that Mr. Hoover, who administered the Food Administration during the World War, did not turn the job over to the Secretary of Agriculture. He determined food prices, and there was no intimation at that time that the Secretary of Agriculture should either do the job or have any veto power over it. I submit that a careful reading of the testimony of Mr.

Hoover pretty clearly demonstrates that he was an advocate of a strong, single price-control administrator.

Mr. President, I desire to conclude with a few brief remarks on the only other section of the subject matter to which I desire to address myself. Everyone knows that the situation is one in which the Commander in Chief of the Army and Navy and the head of the Government of the United States is deeply and vitally interested. In his letter to the Senator from Kentucky [Mr. BARKLEY] he clearly set forth that he did not want any division of this authority between the Secretary of Agriculture and the Price Administrator.

It seems to me that Senators who are here supporting the proposal that the Secretary of Agriculture should be given this authority are not doing the Secretary of Agriculture a good service. I think it is quite obvious that when the man who has been chosen to lead us in this crisis is given authority to control this situation we ought not, against his desire and wish, impose duties upon an agent of his—for that is what the Secretary of Agriculture is; he is the agent and representative of the President of the United States—which might result in conflict in the organization having to do with the regulation and control of prices. The President has clearly indicated that he would like to see these duties given to the man whom he will name price administrator. And that man, I might add, in what I thought was a most remarkably disarming statement, indicated that he did not think his tenure of office could be particularly long.

When I first had contact with Mr. Henderson, I had the common conception that most Senators had of him that he was a "crack-downer," and a man who did not give due consideration to matters that came before him; but in his testimony before the Banking and Currency Committee I found him a most human sort of individual.

Mr. LEE. Mr. President, will the Senator yield at that point?

Mr. BROWN. I yield to the Senator from Oklahoma.

Mr. LEE. I wish again to reiterate that I have every confidence in the world in Leon Henderson; and it is not any doubt or fear of him that causes me to vote as I do. As a matter of fact, I think there should not be any division of authority; but I do not believe agricultural commodities should be brought under this bill, and the nearest I can come to voting them out from under it is to vote for this amendment.

Mr. BROWN. I desire to read what Mr. Henderson said in that particular.

We came to the question of the single-headed administration in contradistinction to the establishment of a board. After Mr. Henderson had said:

I am embarrassed about this provision, because I am somewhat concerned.

The Senator from New Hampshire [Mr. TOBEY], with his usual humor, said:

You think it is like a presiding officer who puts the motion to elect him president? We have all been in that unhappy position. So go ahead.

Mr. Henderson said:

We have an unusual situation, in that this is one major executive undertaking that is already in high gear when it comes to the Legislature for an enabling act. As to other important acts, such as the Agricultural Adjustment Administration Act or the Reconstruction Finance Corporation Act, legislation was passed and an administrator was chosen. Because of this unusual situation I think I was put in issue as much as the bill before the House. I was in a position where, unless I wanted to maintain an attitude of coyness over a period of 4 months, which is impossible for me, I had to admit that I felt that the President would appoint me Administrator; and my feeling was based on the idea that if he were not going to appoint me as Administrator he ought to fire me then.

It is characteristic of an emergency or a war period that there is a constant change in the directing executives. People are expended.

I thought that was a remarkable statement.

People are expended—

They are spent.

They are nothing more than paper clips or rubber bands in connection with carrying out an effort. Very few people begin with the administration of any important job in a defense or war effort and finish with it. Therefore, on the assumption that history will repeat itself, what I have to say I think should be taken from the standpoint of protecting those who are likely to come after me in the administration of this act.

I thought that was a remarkably human statement for Mr. Henderson to make under those circumstances.

Mr. O'DANIEL. Mr. President, will the Senator yield?

Mr. BROWN. I yield to the Senator from Texas.

Mr. O'DANIEL. I want it distinctly understood that personalities do not enter at all into my discussion of the pending legislation. I think it is the duty of Congress to deal with the principles involved. I have no knowledge as to who will be the Price Administrator. The principle of setting up the Office of Price Administration is the basis upon which all my statements have been made.

Mr. BROWN. The Senator undoubtedly is correct in regard to his own thoughts on that subject; but I do not know how many times I have heard the statement that if it had not been for the great mistake that was made in the case of cottonseed oil, we would not have had this controversy at all. I exerted myself and the majority leader [Mr. BARKLEY] exerted himself to the utmost to correct that situation, and we found the Price Administrator most reasonable, most cooperative in correcting what was very obviously a mistake; and who of us do not make mistakes of that kind?

What I want to point out is that I think it will be unfortunate to burden the Secretary of Agriculture with a job that his Chief does not want him to have. I think we are not doing the Secretary of Agriculture a service by taking that attitude.

So, Mr. President. I conclude with the expression of my hope that the Senate will do what I, from my study of this subject, think is the logical, fair thing

to do—place the control of prices in one authority and in one man. In all that I have said I have tried to be fair as between different producing groups. It is not an easy task to stand here and appear to be at odds with what the farmers, through their representatives, want; but, as I said earlier in my speech, throughout the years I have had considerable experience with those who urge upon us their particular viewpoints in a controversy. Many times I have felt that my vote upon a particular proposal would kill me politically, and that I would have the intense opposition of those with whom I did not agree. How many times have I found—and I hope the farmers of Michigan will feel that way in this instance—how many times have I found, when I got home and said, "Well, I suppose you are pretty mad at me because of the position I took in the Senate," that they did not even know what I was talking about.

I think most Senators will find that that is the situation here. Furthermore, I want to say that I place my farmers in Michigan, and the farmers of the country as a whole, on a much higher plane than do some others. The fact that I have raised my voice and made the battle here for what I conceive to be a logical and sound bill does not in any way make me think that the reasonable, sensible people of Michigan, producers and farmers alike, will condemn me when I do that which I think is in furtherance of the interests of all the people of the United States.

Mr. GEORGE. Mr. President, I wish to make a brief statement—and it will be no more than a statement—of my position on this amendment.

I am supporting the amendment offered by the Senator from Alabama [Mr. BANKHEAD], particularly in the form in which it is now written. As I understand, the amendment applies strictly to agricultural products, and not to processed or manufactured articles made from manufactured products.

I think even more than this amendment is justified. I thoroughly believe that the administration of this bill, insofar as it relates to agricultural products, should be exclusively in the hands of the Secretary of Agriculture. But that is not the amendment; and, as the amendment stands, the order of the Price Administrator is simply subject to the approval of the Secretary of Agriculture.

I wish to say that, in my judgment, the Secretary of Agriculture will be bound, and will recognize the obligation resting upon him, to carry out the objectives declared in the bill. In other words, obligatory upon the Secretary of Agriculture is the doing of everything and for every purpose stated in section 1 of the bill to the same extent, in the same degree, and in the same manner as it is obligatory and binding upon the Price Administrator himself.

Mr. President, I now come to the reason why I think the Secretary of Agriculture should be called on to approve any fixation of prices of farm commodities by the Price Administrator in this effort to prevent spiraling of prices, to prevent the

running away of prices, to prevent the various abuses which we ordinarily mean and comprehend within the term "price inflation" within this war period. I think that if the Secretary of Agriculture is given any authority under the bill, even the authority of final approval, he must recognize that he is bound absolutely by the policy adopted by the Congress in order to prevent the several things which are enumerated in section 1. I am assuming he would do so, and I am also assuming that Mr. Henderson, if he shall be named Price Administrator, will do so. In other words, I am not basing my support of the amendment on any lack of faith in Mr. Henderson. On the contrary, I think he possesses many qualifications which are essential for the doing of this hard-boiled job, which I agree must be done; at least, we must undertake to do it, because the country can be destroyed through price inflation as effectively as it can be destroyed by invading armies. That is as strong as I can state it.

What is the reason why the Secretary of Agriculture should have a say about agricultural prices? In the first place, we have set up a farm program in the United States which is based upon a definite philosophy. That philosophy is on the whole harmonious with the declared purposes and objectives of the proposed law. The Secretary of Agriculture is charged with the administration of that program. The program has not been developed overnight; it is not a mushroom growth. It is a product of many years of thought and study, of application, and of experience. The Price Administrator has not had that experience; he cannot be expected to have had it. He cannot draw on such experience unless he is willing to have the Secretary of Agriculture really decide the questions finally in any event.

Now I come to the reason why I think the amendment should be agreed to, and it is a reason which transcends anything which is in the text, or what has been said, so far as I know. We have a war to win. It is the greatest task which ever challenged the American people. How is it to be won? Let me illustrate: Is it to be won by merely collecting taxes from the people of the United States? Not at all; no amount of money bundled into the Treasury out of the pockets of the people will win the war. The war will be won by production in the American shop and factory and field and forest and mine, and it can be won nowhere else. How are we to get production? Can any man, merely because he is given money or extraordinary power to exercise, get production? He cannot. At bottom, production is a matter of morale. At bottom, production is a matter of the confidence of the people of the Nation in those who lead it at this hour. At bottom, there is the serious question of winning the war. We are attempting to avoid inflation in order to escape ruin, but also in order to win the war, for inflation may be one of the causes defeating our success upon the battlefields, even the far-off battlefields of Manila, or those in Europe, or wherever the President has said we are ready to send our forces.

How are we to preserve the morale of the American farmer? He knows the Secretary of Agriculture. He has dealt with the Department of Agriculture. He knows the Agricultural Department understands his problems. For nearly 8 years he has been trying to build up a farm program under which he could produce, under which prices could be stabilized, under which he could get a fair return which would justify production upon his part. He is familiar with the Secretary of Agriculture. He knows the processes in the Department. He understands the processes under which he has labored. The bill proposes that all his prices are to be subject to the control of Mr. Henderson, let us say. Mr. Henderson is capable, and he is all right, and I am not complaining at all about his appointment; I express the hope that he will be appointed by the President. But the farmer is not familiar with Mr. Henderson; he is not familiar with Mr. Henderson's organization; he does not know who sits in the price-fixing division of O. P. M. For the most part, I dare say, those officials are not farmers, for the most part they know nothing about agriculture, for the most part they know nothing about the farmer; or what they do know is pure theory; it is not practical knowledge. In the Department of Agriculture, on the other hand, there are practical farmers; there are men who know agriculture. It has taken a long time to build up that organization.

If we wish to preserve the morale of the American farmer, how are we to do it? By lifting his whole existence out of the department where he knows his way around, and where he has a voice, and where he has a right to be heard; and placing it in the hands of a group of most excellent gentlemen, men from New York, or Harvard, or wherever else they are to be found, who know nothing about the farmer's real problems? We will not win the war in that way. We will not win the war by taking the last red cent out of the pocket of the American producer and turning it over to the Treasury. We can get production only if the American people have faith and confidence in their leaders, and if they know that that leadership is leading in the right direction.

There is no occasion for prejudice against Mr. Henderson. He will have his hands full. He will have a man-sized job. He will fix the prices of agricultural commodities, even under the pending amendment; but if the amendment were adopted he would have to go to the Secretary of Agriculture and say, "This is what I propose to do. How does it fit in with your program? How does it suit your people? Will the American farmers accept it?" The Secretary of Agriculture will be called upon to exercise his best judgment to effectuate the very same purposes which are made obligatory upon Mr. Henderson, or upon whomever the Price Administrator may be.

Mr. President, that is the reason why I am supporting the amendment. I am supporting it for the same reason which leads me to support anything intended, and thoroughly adjusted, to win the war.

Break down the morale of the American people, break down the morale of the miners, the men who are producing strategic materials, break down the morale of the lumbermen, break down the morale of those who are producing the food-stuffs with which to feed and the fiber with which to clothe not only the American armies, but the armies of all those who are fighting against the Axis Powers—break it down, and no amount of power given Mr. Henderson can get the cooperation which lies at the foundation of every successful effort to win the war. It is a matter of cooperation. You cannot crack down on freemen who have had the experience of freemen, and make them come under the lash of the slave, and at the same time effectively preserve their energy and their power. The President is wrong about it. Mr. Henderson is wrong about it. It simply cannot be done. There can be no safeguards against inflation when it comes to price regulation, unless the men who are being regulated are willing to cooperate.

Mr. BROWN. Mr. President, will the Senator yield?

Mr. GEORGE. Yes; I yield.

Mr. BROWN. I wonder what the Senator thinks about the morale of 350,000 employees in the industrial area in the immediate vicinity of southeastern Michigan and northern and northwestern Ohio and northern Indiana, who will have absolutely no jobs and no wages for at least 2 months, and who will probably get no jobs for about 5 months, when we compare their situation with one in which we guarantee to the American farmer that we will not interfere with the law of demand and supply in the slightest until he receives 110 percent of parity for his farm products?

Mr. GEORGE. Mr. President, those who framed this bill have not touched labor. Those who framed the bill have utterly ignored the basic principle entering into all costs, and why? Because they said there was a better way of dealing with labor; there was a better way of fixing wages and of keeping wages at a reasonable level. In large part I am inclined to agree with them. I think that prices should be tied in with the fluctuation of the wage rate and scale, but beyond that the supporters of the bill have not said that wages should be brought into the bill. Those who framed the bill left labor aside.

It is unfortunate, of course, that during the transition of peacetime production over to war production in the automobile industry or any other industry there will be a period in which labor engaged in that particular industry or branch of it may not have steady employment but, Mr. President, that has nothing to do with this problem. That has nothing to do with the principle I am discussing.

There are industries in the country which will go out of existence during the whole duration of the war, and for the most part their personnel will not be able to transfer over into war production. That is not the question I am talking about. You cannot crack down on American men and women and get the best results. You can ask them to help you

do the job, and that, as I understand, is the philosophy back of our program with American labor, with the American worker.

We have judgment enough to know that we cannot crack down on a free-born American workman and say, "We will enlist you, we will draft you, we will compel you." But we can say, "We will invite you to cooperate with us," and such an appeal will be heard and heeded by American labor; it will be heard and heeded by the American farmer.

The American farmer wants to stay where we have heretofore put him. He wants to stay with the Secretary of Agriculture and the Department of Agriculture. We have taught him to do that. We have trained him to do that. We have required him to do that. It is true that we are saying in the bill, the provisions of which would bind the Price Administrator as well as the Secretary of Agriculture, "You cannot fix the maximum price upon farm products below a certain figure," but there is a vast field in which the Secretary of Agriculture might say, "It would be unwise to fix this price at 110 percent of parity. It would be unwise to drag it down from 130 or 140 percent of parity, because we may need the food, we may need the supplies."

The whole point is that if we mean to win the war we must have the cooperation of our people. That is the reason I have offered a simple amendment, which is not even obligatory on the Price Administrator, to set up advisory committees in industry, because industry has been accustomed to deal in that way. It feels that it should be permitted to come to its Government, and that the officer in charge of the administration of the law should pay some attention to the plea of the industry, and that if it makes out a good case, if it has the facts on its side, it should get substantial justice.

Mr. Henderson may not need the industrial advisory committees to advise him. Industry may not bring him any new facts. It may not enlighten him upon any price or any question that comes within his jurisdiction. But he needs industry's cooperation to make the machine work. He needs the cooperation of industry, and industry should have the feeling that it has the right to talk to him through its chosen or designated committees. He needs the cooperation which he can secure, and if Mr. Henderson is as wise as I think he is, and I have a rather exalted opinion of his ability—I am speaking frankly to the Senate—if he is as wise as I think he is, he knows that he cannot do this full job without the cooperation of the American worker and of American industry.

When he is dealing with the most individualistic class of American people, the farmers, who have been accustomed to live the life of individuals, sometimes far removed and remote from association with their fellows, always more or less remote from Government itself, and from the machinery of Government, why should he not recognize that the cooperation of the American farmer is essential to the winning of this war and to the effective operation of the price-control bill which he is called upon or may be

called upon to administer? Why should he not say, "Yes, you have been accustomed to deal with the Secretary of Agriculture, whoever he may be. You know your program. You know why everything has been done and is being done, and you will give the cooperation which we now vitally need if you feel that you can come to Washington and see the Secretary of Agriculture, and say that this price or this order ought to be amended, or changed, or modified, in this or that respect."

That is the reason, Mr. President, why I feel strongly impelled to support the Bankhead amendment.

Mr. McNARY. Mr. President, I think I appreciate that it is the wish of the Members of the Senate to vote without further delay, and I shall promise to speak but a few moments.

There are a number of provisions of the bill which I should like to discuss, but I shall not do so this evening. I wish to state my position on the bill, and on the very excellent modification made by the able Senator from Alabama [Mr. BANKHEAD], who offered the amendment. When I read the amendment, Mr. President, I told the able Senator from Alabama that I could not support it in its original form. I did not believe that the Secretary of Agriculture had personnel or technicians qualified to administer the bill, which involves not only raw agricultural products but also those processed and manufactured.

After the able Senator gave the matter some consideration, he modified his amendment to meet the situation. I think it would not only work to the advantage of the farmer but would add very much to the comfort of the Administrator, whoever he may be.

I know that the Secretary of Agriculture could not fix prices on shoes, shirts, collars, neckties, and all the wearing apparel one might mention, or canned goods of any kind, desiccated goods, or dried-fruit products. He is capable, however, of doing a very excellent job in the matter of the raw materials which are taken from the soil.

Mr. President, I know from reading the bill that any fair-minded person must come to the conclusion that the words "agricultural commodity" refer to the raw materials produced on the farm. Otherwise, there would not be a separate subsection dealing with processed and manufactured goods. The two subsections, read together, define the term.

Second, in all the legislation with which I am conversant dealing with agricultural products the words "agricultural commodity" have meant commodities from the farm. When we want to enter the field of refined, manufactured, or processed commodities, we use the proper language. That is the history of legislation on this subject, with which I am quite familiar.

I assume, as did the able Senator, that there can be no question about the definition of an agricultural commodity. To that subject I shall briefly address myself. A moment ago I said that the Secretary of Agriculture is incompetent to deal with processed and manufactured articles. When we come to raw materials

we have the great basic commodities to deal with, not only cotton, corn, wheat, tobacco, and rice, the five commodities defined as basic commodities in the Agricultural Adjustment Act, but also products of the poultry industry, the dairy industry, the fruit and nut industry, and others of less importance.

A few days ago leading members and heads of the farm organizations talked to me about this matter. At that time I told them that I was not interested in the amendment offered by the Senator from Alabama, because I thought it went too far afield from the subject matter which could be handled by the Secretary of Agriculture. I found them all tremendously interested in the administration of raw products by the Secretary of Agriculture.

A few moments ago this subject was very clearly discussed by the Senator from Georgia [Mr. GEORGE]. It was referred to earlier in the day by the able Senator from Texas [Mr. O'DANIEL], and by the very distinguished Senator from Alabama [Mr. BANKHEAD], who has offered the amendment. If we want to take into consideration, as we should, the attitude and wishes of the farmers of the country, we should give them the accustomed control which they have experienced in the past 8 years, or since 1934, when the first Agricultural Adjustment Act was passed by Congress.

Mr. President, I think we should do the Price Administrator the greatest kindness possible if we should relieve him from a burden which I am sure he could not carry. Let me tell the Senate why. Assume that the Administrator would be Mr. Henderson. I have no objection to him. I think he would be a very capable and worthy Administrator, and would do an excellent job. I speak impersonally on this matter; Mr. President, when I say that I am not opposing the bill as reported, because of Mr. Henderson, but because he has not the personnel or the technologists to administer such a measure. If one will consider the plan laid down by the Agricultural Adjustment Act, he must know that it extends from year to year. Plans are now in progress for 1942, plans which reach over into 1943. County agents are holding meetings throughout the 3,200 counties in the country. The agricultural experiment stations in the 48 States, acting in cooperation with the Department of Agriculture, are laying plans to carry out the system which has been followed for the past several years.

We all know that the quantity of production is very closely related to the price. When we try to inspire a farmer to expand his acreage or his production he looks at the price figures. So we cannot place a uniform price on any agricultural commodity. The prices must be in relationship with parity, but they must be different in the various sections of the country in order to meet different situations.

Let me illustrate. In the great Northwest, from Montana to the ocean, the quality of wheat known as soft wheat is produced. One hundred and fifty million bushels a year are produced. That wheat does not reach the eastern market,

except for pastry—pies, cakes, and biscuits. It goes mainly to the Orient and to South and Central American countries. If there is a shortage of wheat there, the expansion is made by dealing directly with the Department of Agriculture and increasing the quantity to meet the demand. Every effort is made to maintain equilibrium as between supply and demand.

When we want the high-protein wheat, which is raised in the higher altitudes and farther east, and is used for bread, we get it from the Wheat Belt. If there is a shortage there, production is expanded.

Today one of the most important products needed in this country and abroad is pork fat, called lard. I remember a few years ago, as chairman of the Senate Committee on Agriculture and Forestry, that the tendency was to raise smaller hogs. The profit was from hams and bacon, which were made from the smaller hogs, such as the Durocs and other kindred varieties. Large hogs, hogs, such as the Berkshire and Poland China, were almost obsolescent. They have now returned. Why? Because the price of lard has gone up to such an extent as to invite larger production.

Such illustrations run through the whole field of commodity production. Today we are sending abroad more pork in the form of lard than ever before in our history, because it is needed. For that reason we are paying a higher price for hogs which produce lard.

Has Mr. Henderson any technologists who are qualified to meet a situation of that kind? Although he is a fine administrator, he has no one in his department who has devoted his life to the service of the farmers. If we go through the great Department of Agriculture, which has been in operation for more than 60 years, we find men who have served for 30 or 40 years, who know this problem, who are working with it today, and who are dealing with products and by-products of the farm. Are we to dispense with their services and turn the problem over to Mr. Henderson, who could not carry the load?

Mr. President, I think the Bankhead amendment is not only in the interest of the farm group but in the interest of Mr. Henderson himself, because it would be unwise and unjust to give him now the right to fix prices which are intimately associated with the question of production and supply and demand and surpluses for, I repeat—I hesitate to say this, but it is important in connection with the whole argument—he does not have the technicians, the experts, the experienced assistants necessary to enable him to perform the work. If we desire to have duplication, then let us give Mr. Henderson the job. He will have enough to do in looking after the processed agricultural products, the canned products, the frozen products, the dried products; and he should be released from this important task which should fall to the Secretary of Agriculture.

I promised to give my one view. That in particular, Mr. President, is the reason why I shall support the amendment—because, in my opinion, we are engrafting

upon the Department of Agriculture a foreign agency. We are dividing authority. If we desire to have a single authority, let us leave to the Secretary of Agriculture and his experts the task of controlling the raw products which come from the farm, and let us leave to Mr. Henderson the task of looking after the processed and manufactured products.

Just one word in conclusion: Even though the subject is a large one, I have promised to occupy but a short space of time.

Today the Department of Agriculture is using, expending, and employing the last of a billion dollars to purchase agricultural products. It has already expended \$500,000,000 in buying products for foreign countries, knowing precisely the quality and grade it wants. Today I was talking to one of the most eminent of the experts of the Department of Agriculture, and he told me that they are utilizing \$500,000,000 of the \$1,000,000,000, employing some of the methods I have mentioned. To permit Mr. Henderson now to go into the market—as he can do under the bill—and become a competitor, using the same funds of the United States, and permit him to do the very same thing the Secretary of Agriculture is doing today, would be duplication and waste. It would not be fair to the farmers. It would not be fair to the taxpayers. It would not be fair to all of us who know that it is as necessary to provide the food grown on the farms as it is necessary to provide the munitions produced in the factories.

For that reason, Mr. President, briefly and hurriedly expressed, I shall support the Bankhead amendment as modified.

Mr. NORRIS. Mr. President, in my judgment 90 percent, perhaps 95 percent, of everything said by the Senator from Oregon [Mr. McNARY], and also 95 percent of everything said by the Senator from Georgia [Mr. RUSSELL], is absolutely true, and I fully agree with it. If we had only one activity of the American people to regulate and with respect to which to fix prices, and if that activity were the production of the agricultural products of the country, what those two Senators have said would not only satisfy me but it would absolutely control my vote. I think all they have narrated about the farmer, and his consultation with the Secretary of Agriculture, and his desire to follow the Secretary of Agriculture, will not be interfered with in one degree if someone other than the Secretary of Agriculture is appointed as Price Administrator. I think this is a greater question, that there are more things dependent upon our action on this bill, than any other with which the Senate has been confronted for many years.

To my mind, it is very doubtful whether this bill, whatever changes may be made in it, or any price-fixing bill, will be completely successful. I confess that I am afraid of it. If I had been asked 2 years ago whether I would vote for this kind of a bill, I should have unhesitatingly said that I would not vote for it under any circumstances; and yet the world conditions now confronting us make me feel as though such a measure as this is necessary.

I do not want to face the dangers of inflation which the bill is principally intended to avoid. I know we cannot get a bill which will satisfy everyone. The bill before us does not completely satisfy me. If we get any law on the subject, we must act in a spirit of compromise. If prices are fixed by someone, it seems to me that in the ultimate or final stage they must be controlled by one individual or committee or board. I say to the Members of the Senate that if we divide the authority, as I see the matter, we shall surely run into a difficulty which will be likely to overthrow nearly all the benefits which can come from legislation of this kind. I do not see any escape from such a result. Ultimately, there must be one authority which will settle it all. That is the basis of my principal opposition to the amendment.

I do not believe I can be justly charged with being unsympathetic with agriculture. I have been advocating on the floor of the Senate for more than 12 years—yes, for 20 years—agricultural legislation that has seemed to me to be absolutely vital and important. The Senate has not always listened to what I have said. As I see the matter now, I think sometimes the Senate may have been correct in refusing to follow me in some instances, although in each case I acted according to the clear dictates of my conscience; and I realize, Mr. President, when I listen to the remarks of my colleagues about the amendment that they are just as sincere in supporting it as I am sincere in opposing it.

It is not a question of men, or of which man shall be selected to administer the bill. We cannot find in the United States a single individual who possesses a sufficiently intimate knowledge of all farm principles and of all the other activities of the American people to enable him properly to administer this bill when we put it on the statute books. Whoever is selected will have, in many cases, to take the opinion and judgment of other men. He will have to consider the ideas of other men; and if he is not willing to do that, I care not who he may be, he is not fit to hold the job of Price Administrator. Whether it be the Secretary of Agriculture, whether it be Mr. Henderson, or whether it be ex-President Hoover, no man possesses intimate knowledge of all the intricacies of life that now confront us all and confront our Nation.

I would as soon trust the present Secretary of Agriculture with this job as to trust any other man with it. I would vote for an amendment which would turn over the administration of this entire matter to him. I would not have any objection if ex-President Hoover were appointed to take charge of it. I agree with the Senator from Alabama [Mr. BANKHEAD] that Mr. Hoover made a great record as Food Administrator. I did not always think so at the time; but, on the whole, I think he did a magnificent job. I have no objection to Mr. Henderson. As I said, we cannot get a man who knows it all. We must have somebody who will call on the Secretary of Agriculture, the Secretary of Commerce, and all other Secretaries, and the leading men behind the various industries of our country.

He cannot ignore industrial occupations. He cannot ignore the manufacturing element of our country. Any man who makes a success of the administration of this act must look at all of it, for, after all, Senators, the various phases of the administration of this act intertwine; they overlap. It will be impossible to fix a price on one thing without that price being felt and noticed in some other thing that at first blush will appear to have no relation to the first one.

If Mr. Henderson is appointed, and fixes a price on some nonagricultural commodity, and then undertakes to fix a price on an agricultural commodity, and goes to the Secretary of Agriculture and says, "This is the price I should like to have," and the Secretary says, "No; I should like to have a different figure, and perhaps a higher one," Mr. Henderson very likely will say, "If you do that I shall have to undo all I have done about reaching a conclusion as to the price to be fixed on this manufactured article, perhaps"; and if the Secretary had control, and Mr. Henderson had to come to the Secretary's figure, Mr. Henderson would have to do it all over again.

Mr. President, I do not believe it is possible for any man, however great or wise, to reach a proper result if he has to share his authority with somebody else who is independent of him. That is the reason why I am opposed to this amendment. That is the reason why it seems to me the amendment, if adopted, would be harmful to this kind of legislation, even if not destructive of the whole principle. It is not because of lack of confidence in any man. It is because I think I recognize the enormity of the job, and that it cannot be divided without injuring it or perhaps ruining it.

It may be that the Secretary of Agriculture is better qualified to take this job than Mr. Henderson is. I do not know. Perhaps he is better qualified than any other man in the country is. At least, so far as I know, I think he will do a good job if he is placed in charge of this work. But if we place him in charge of one branch of it and place somebody else in charge of another branch, the conflicting authority will bring ruin, or at least detriment, to the entire proposal.

Mr. President, I feel more friendly to the agriculturists of the United States than to any other class of persons. I feel that way because for the past 25 years I have thought that the American farmer was not getting a square deal; and if this bill were enacted, and I were called upon to pass judgment upon any price that would have to be fixed, and there were any doubt in my mind, the controversy being between an agricultural product and a manufactured product, I should give the benefit of the doubt to agriculture. After all, agriculture is the foundation of everything. Without it, our Government and our country would be a complete and absolute failure. I want to see it independent. I should like to see it elevated and put on a higher plane. But, Mr. President, if we divide this authority, ruin will come to agriculture as quickly as to any other activity of the American people.

Even though we are sympathetic with agriculture, even though we are prejudiced in favor of agriculture, we cannot afford in fixing prices to give agriculture a great advantage over any other business in the United States. If the Price Administrator cannot fix the price of agricultural commodities without the approval of the Secretary of Agriculture, why should he be permitted to fix the price of any manufactured product without the consent of the Secretary of Commerce? Why should he be permitted to fix the price of any product over which any of the various secretaries of departments have primary jurisdiction? If we are to compel the Price Administrator to submit to the judgment of the Agricultural Department, for the same reason we ought to compel him to submit to the judgment of every other Secretary in the President's Cabinet. Would that be asking too much? Would that be unfair? It seems to me it must appeal to the fairness and honesty of all men, yet we all know that if we did that this whole structure would fall of its own weight. The only difference between doing that with all industries and doing it with one of them is that the proposal does not cover as many of them as though we included several, and the injury or ruin probably would be less than though we extended it to cover all industry in the United States.

We cannot afford to give to any industry an advantage that is unfair, and that statement applies to agriculture just as it does to every other industry. We cannot afford under the law to give agriculture an advantage over every other industry. We have gone quite a way in this bill, it seems to me—and I am glad we have; I am not complaining about it; I favor it—when we provide that 110 percent of parity must be reached on an agricultural product before the Price Administrator can lower it.

Mr. President, the American farmer does not want an advantage in facing this war. He will have to sacrifice something, as every other citizen of the United States will have to sacrifice something. All of us must be prepared to sacrifice to save our country, to protect our way of life, to protect free democratic government in the face of the terrible opposition that now confronts us; and it seems to me we cannot afford in any legislation to give an advantage to any industry, or to any occupation, or to any body of men.

Therefore, Mr. President, it seems to me this amendment should be defeated.

Mr. BARKLEY. Mr. President, I hesitate to take even a moment at this hour, when I know how anxious Senators are to vote, and I shall not delay the Senate long, but, in view of the fact that I had some part from the beginning, even before the introduction of the pending bill, in framing it, I feel that I should say a few words regarding it.

We all regret the necessity for a price-control law. We all regret that we are in war. We all regret that such conditions have been brought about in the world that we have been compelled to unsheathe the sword in behalf of our country and all the things for which it

stands. But we are in that situation, we are at war, and we are compelled, because of that, to do many things which we would not do in ordinary times, and which we would not think of doing and which we would not be asked to do in normal times. We must face the situation as it exists.

I suppose I will not be required to give myself a certificate of good character as a friend of agriculture. Ever since the Revolutionary War my ancestors have been farmers. My father was a farmer until the day of his death, and I am a farmer. I am a member of the American Farm Bureau Federation. I have been invited, and have accepted the invitation, to address the State convention of the American Farm Bureau Federation of Kentucky next Thursday, if I can leave Washington. The invitation was a great compliment to me, because in it was stated the reason why I was invited, namely, because during my entire life, especially my congressional life, I have aided in promoting the welfare of the farmer.

When the question of a bill such as the one now pending was under consideration, before the bill was introduced, in the conferences which took place leading to its formulation, in which I was invited to sit, of course there was raised the question of how to deal with the farmer and agricultural products in a bill of this kind. The first suggestion in that regard was that we provide a floor which would not be below the loan value fixed by the Government on the price of farm products, that is, 85 percent of parity. In those conferences I insisted that the floor should be not below parity itself, because we had set parity as an objective for agriculture in normal times, in peacetimes, and it had not been yet attained; that, having set parity as a fair objective in peacetimes for agricultural prices, we should not set any standard below that in any price legislation coming about as a result of the war.

As the bill was introduced it contained provision for 100 percent of parity; and that is not a fixed price, as all Senators know. Parity is a flexible term; parity is something which has to be adjusted from time to time by the Secretary of Agriculture in order to bring it into relationship with other prices, so that the purchasing power of the American farmer at any given time under the agricultural program may fairly compare with his purchasing power in the years 1909-14.

Under the Agricultural Adjustment Act the Secretary of Agriculture is charged with the responsibility of readjusting the question of parity from time to time, so that what may be 100 percent of parity today may not be 100 percent of parity next month, and what may be 110 percent of parity in January 1942 may not be 110 percent of parity in December 1942, or in July 1942. That is why we have inserted in the pending bill subsection (a) of section 3, which reads:

No maximum price shall be established for any agricultural commodity below (1) the market price equivalent to 110 percent of the parity price or comparable price for such commodity, adjusted for grade, location, and sea-

sonal differentials, as determined and published by the Secretary of Agriculture.

Of course, that applies to the basic commodities. Subsection (b) provides:

For the purposes of this act, parity prices shall be determined and published by the Secretary of Agriculture as authorized by law: *Provided*, That in the case of any agricultural commodity other than the basic crops—corn, wheat, cotton, rice, tobacco, and peanuts—the Secretary shall determine and publish a comparable price, whenever he finds, after investigation and public hearing, that the production and consumption of such commodity has so changed in extent or character since the base period as to result in a price out of line with parity prices for basic commodities.

So that whether we are dealing with wheat, corn, cotton, rice, tobacco, or peanuts, or all other agricultural products, where a comparable price may be fixed, the base upon which the 110 percent of parity is to be figured is to be set and fixed and proclaimed by the Secretary of Agriculture in the adjustment of the question of parity between farm prices and farm purchasing power and the prices of other commodities which the farmer purchases in order that he may cultivate his crop, support his family, and do other things which he wishes to do with his income.

When we were trying to frame the legislation we had in mind that we had provided a program for agriculture which we had not done for any other industry or any other vocation in the United States, and that we did not desire to break down that program. Therefore we provided in the bill as it was introduced that no price administrator should fix a maximum which would be below 100 percent of parity. Under the bill as it passed the House, and as it is reported now from the Committee on Banking and Currency, no price administrator would be permitted to fix a maximum price, commonly referred to as a ceiling, below the figure of 110 percent of parity, as parity may be adjusted from time to time by a proclamation of the Secretary of Agriculture. Not only that, but under the bill as it passed the House, in the event that 110 percent did not seem to represent the fair prices of certain products as of October 1, 1941, there was language which, in the second place, provided that the Price Administrator could not go below those prices. It may be necessary to clarify that by some language so that it may carry out the purpose of the committee that he should not go below whichever may be the higher, the prices on the 1st of October or 110 percent of parity.

Mr. President, I do not make this statement in criticism of anyone, but it is interesting to note the fact that during all the weeks and months when the House committee was holding hearings on the bill no one suggested that there should be any division in the authority of the Price Administrator.

The Secretary of Agriculture made a lengthy statement before the House committee. I have read it, and it is a very excellent statement made in support of the bill as it was then before the House. Among the things which he said were true, and which we all remember, was that prices have not as yet gone too high.

I agree with that statement absolutely. But what he feared was what might happen in the future, and he did not want a situation to come about whereby the terrible debacle in agriculture that occurred following the last war would be repeated. When, by reason of inflated farm prices many a farmer who all his life had been contented with a small farm but who, looking out on what turned out to be a mirage, thought there would never be an end to high farm prices, traded in his little farm on which he had been satisfied, as a part payment on a big farm, and as a result lost both the little one and the big one.

The Secretary of Agriculture had that in mind when in his testimony he cautioned Congress against leaving the agricultural situation in such posture as to induce spiral increases in agricultural prices, so that that might be again the result to agriculture.

But during the House committee hearings, during the House consideration of the bill, nobody asked any division in the authority of the Price Administrator. The bill came to the Senate. We had hearings on it for 2 weeks. We heard anyone who wanted to be heard. It was not necessary to go into the great detail that the House committee went into in hearing witnesses. No one advocated any division of authority. I was consulted by the Farm Bureau Federation of my State, the head of which is my personal friend, and he said:

What we want is 110 percent of parity, and October 1 as a basis for prices that may be higher than 110 percent.

When in the subcommittee we began the consultation about the provisions of the bill, I think the Senator from Michigan [Mr. BROWN] and the Senator from Alabama [Mr. BANKHEAD] both will give me credit for having had some part in the persuasion of the subcommittee and the full committee to fix 110 percent of parity.

Mr. BANKHEAD. I gladly do that.

Mr. BARKLEY. I thank the Senator. The Senator will also give me credit for having had something to do with the fixing of October 1 as the base.

Mr. BANKHEAD. Yes.

Mr. BARKLEY. The Secretary of Agriculture did come before the committee on the last day—not the last day of the hearings, but on the last of the subcommittee's consideration, just before we were to report the bill to the full committee, and suggested practically the amendment that is now pending, that he be given the authority to fix prices of agricultural products, and the subcommittee and the full committee considered the suggestion and rejected it. So we have the question before us now.

Mr. President, we are all in this war. The farmer is in it; the lawyer is in it; the doctor is in it; the merchant is in it; the white-collar clerk behind the counter is in it; the teller in the bank is in it; the man in the mine, the man in the machine shop—all are in the war. All must make sacrifices.

It has been suggested here that one of the reasons why this amendment making it compulsory that the Secretary of Agriculture approve the prices on farm prod-

ucts before the Administrator can promulgate them, ought to be adopted, is that we have not included any ceiling on wages. I do not want to go into that, because it is not in the bill, but I do feel that it is proper to say a word about it, because it is not quite an analogous situation.

We have set up various governmental agencies for the purpose of adjusting wages in this country. We have set up the National Labor Relations Board and the Wage and Hour Division of the Department of Labor. The President appointed a mediation board for defense factories in industry. Ever since 1926 there has been a Railway Labor Board which has been functioning in the adjustment of labor disputes on our railroads. Now, in order to give the Price Administrator any power in the fixing of wages it would be necessary to superimpose him on all these other agencies we have set up, and to nullify them, and put the Price Administrator in control.

The railway brotherhoods have just settled their wage controversies through the processes of the law, through the mediation board which Congress created 15 years ago. We are bound to assume that it was a fair settlement, because it was made under the law by negotiation and by arbitration, as the law provides. Yet the wages of these men enter into the cost of production, into the cost of products which the consumer purchases. I do not know of anything that would so unsettle the peace and harmony now in existence on our great transportation systems than for Congress to say in a price bill that the Price Administrator shall have the power to readjust their wages and to interfere with an agreement which has been entered into and which is Nation-wide.

Mr. Hoover himself, testifying before the committee, was emphatic that it was impractical for any price administrator to fix wages, because it would be necessary to go everywhere; it would be necessary to deal with farm wages; it would be necessary to go into the question of wages in mines, where they have a 2-year agreement with respect to wages, which will not expire until 1943.

In view of all the ramifications and the disturbance a provision of that sort would bring about in what we now hope to be a peaceful industrial and labor situation, the full committee, and practically every witness who came before it, advised against including such a provision in the proposed legislation, and it was not included.

Mr. President, I shall not discuss the question of any increases in the price of products on the farm. We know what has happened.

Something has been said about Mr. Henderson. I think many Members of both the House and the Senate had a misconception of Mr. Henderson when we first went into this subject. He may be undiplomatic. He is a double-fisted, hard fighter. That is the sort of man we must have if he is to resist all the pressure that will be brought to bear upon him, if he is not to yield to pressure groups who think that the prices should be higher than they really ought to be

and if there is to be a harmonious price structure throughout the United States.

Since this price legislation was in its inception last June I have never gone to Mr. Henderson and presented a condition to him which he has not carefully and intelligently considered. When a few days ago he had fixed a ceiling on 1,800 oils and fats, not simply on cottonseed oil, which is but one of the whole category of 1,800 of them, and it was discovered that the price of cottonseed had gone up from \$30 a ton to \$52 a ton under the 11¼-cent-per-pound price on cottonseed oil, and the Senator from Michigan [Mr. BROWN], the Senator from Alabama [Mr. BANKHEAD], the Senator from Georgia [Mr. GEORGE], and I brought these matters to the attention of Mr. Henderson, he said, "Well, I cannot do that overnight. There are 1,800 of these things. I have got to deal with the whole group of them, the whole category." But he agreed to put the price of cottonseed oil at a figure which gave the farmers \$62 a ton for cottonseed.

I think that is a fair representation of the reasonableness of Mr. Henderson in dealing with a problem of that kind when it is brought to his attention.

Mr. CLARK of Missouri. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. CLARK of Missouri. In view of what the Senator has said about Mr. Leon Henderson's qualifications to serve as Price Administrator, and in view of the fact that they have been referred to on numerous occasions during this debate, I should like to say that I have known Mr. Henderson probably longer than any other Member of this body. I have known Mr. Henderson for 15 years. I knew him long before he was ever connected with the Government of the United States. What the Senator from Kentucky has intimated is entirely true. Mr. Henderson is one of the least tactful persons I have ever known in all my experience. I think, as does the Senator from Kentucky, that it is necessary to have a man who does not rely on tact, but is a tough-minded, tough-fibered, fearless individual who proceeds to a conclusion and is willing to stand in a position where the winds must necessarily blow on him from every direction and do what he believes to be right.

I think Mr. Henderson has those qualifications. He is an extremely able economist. He is as honest a man as I have ever known in my life. He is anxious in every way possible to do justice and equity; and I believe that, in spite of the fact that he will never be renowned for tact or for mollifying people, he is a man who is excellently suited for this position. I do not think he has the qualifications and background of Mr. Baruch. That is no reflection on Mr. Henderson. I do not think anyone else in the country has them, either. No other individual in the country has the experience, the intellect, and the particular training which Mr. Baruch has. However, I do think that Mr. Henderson is a very able economist. He intends to do what is right, and he is utterly fearless and extremely patriotic. I believe it is unfortunate to have attacks made, either di-

rectly or by innuendo, in either the House or Senate, by persons who have not taken the trouble to become acquainted with him.

Mr. BARKLEY. I thank the Senator from Missouri for his contribution.

Mr. President, the amendment as it is now offered by the Senator from Alabama provides, that neither the Price Administrator nor anyone else, under the proposed law or any other law, may fix a price on an agricultural commodity without the approval of the Secretary of Agriculture. As the Senator now offers the amendment, he has eliminated the provision with respect to articles which are made or processed from agricultural products; yet I think we are bound to admit that they cannot be separated economically, because the prices of things which are made from agricultural products necessarily depend upon the prices of the agricultural products themselves. So there is a connection between the two, although the amendment seeks to separate that connection.

I ask that there be printed in the RECORD at this point a list, which I shall not take the time to read, of a few things which are made from agricultural products. Even under the amendment the Price Administrator would have control over products which are made from commodities over which the Secretary of Agriculture would have control under the amendment of the Senator from Alabama.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Textiles and textile products: Clothing and apparel of all kinds—Work shirts, overalls, suits, overcoats, handkerchiefs, broadcloth, denims, drills, duck, flannels, muslins, percale, sateen, sheeting, toweling, tablecloth, hosiery and underwear, dress goods, hats.

Leather and leather products: Shoes and sole leather, harness, leather luggage, gloves and belting.

Chemicals: Important alcohols used in making munitions are made from molasses base; acetic acid, soaps and starch, washing powders, paints (casein), turpentine, fertilizer (tankage), tallow.

Household furnishing: Blankets and bedding, comforters, floor coverings, upholstery.

Tobacco products: Cigars, cigarettes, plug and pipe tobacco.

Feeds: Manufactured and processed foods—Cereals and breakfast foods, canned soup, cornstarch, vegetable oils, peanut butter, molasses, glucose, jelly, lard, dried beans and onions, grape juice, canned fruits and vegetables, macaroni, processed cheese, corn meal, edible tallow.

Mr. BARKLEY. Mr. President, I think the Secretary of Agriculture ought to be consulted. I have no objection whatever to his being consulted; and I am satisfied that the Price Administrator would consult the Secretary of Agriculture. I am even willing to state in the law that he shall consult the Secretary of Agriculture before any price shall be fixed upon an agricultural product. For that purpose I offer the following amendment to the pending amendment:

In the next to the last line of the amendment, before the word "prior" strike out the word "the"; and in the last line strike out the words "approval of" and insert in lieu thereof "consulta-

tion with", so that the language would read:

Notwithstanding any other provision of this or any other law, no action shall be taken under this act by the Administrator or any other person with respect to any agricultural commodity without prior consultation with the Secretary of Agriculture.

I grant that such a provision would not be binding on the Price Administrator, except as to consultation. He would not have to take the advice of the Secretary of Agriculture after consulting him; but there would be placed upon him the legal obligation to do what he would do anyway, that is, to consult with the Secretary of Agriculture and accept from the Secretary the facts which the Secretary would submit to the Administrator in regard to the price of an agricultural commodity, leaving the unity of control and the final determination of the price with the Price Administrator, so that there would be no division of authority.

Mr. LEE. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. LEE. Is the Senator offering his amendment as an amendment to the Bankhead amendment?

Mr. BARKLEY. Yes. I offer it as an amendment to the Bankhead amendment.

That is all I have to say, Mr. President.

The PRESIDING OFFICER (Mr. LUCAS in the chair). The question is on agreeing to the amendment offered by the Senator from Kentucky [Mr. BARKLEY] to the amendment of the Senator from Alabama [Mr. BANKHEAD].

Mr. LEE. Mr. President, I shall support the amendment offered by the Senator from Kentucky.

There are three purposes for which the price-fixing bill is designed. The first and foremost is to aid the war effort, the second is to prevent price inflation, and the third is to prevent profiteering.

So far no one has shown how bringing agriculture under the terms of the bill would aid any of those purposes, with the exception of the purpose to prevent price inflation. No one has shown how the bill would prevent inflation without hindering the production of agricultural commodities. Therefore no one has shown a reason satisfactory to me why agriculture should be in the bill.

In the first place, it has been hinted that those of us who are supporting the effort to remove agriculture from the bill are a little unpatriotic or a little short-sighted in connection with the over-all effort to win the war. But no one has yet pointed to a single commodity or followed one farm commodity through and shown how the bill would help the war effort with respect to agriculture.

Let us take wool as an example. The Army needs wool for uniforms and clothing. If there is a shortage of wool the price will rise, and the sheep raisers can soon increase their production of wool and will do so. That is exactly what we want. Therefore, to allow the law of supply and demand to operate with respect to that commodity would aid the war effort to a greater extent than it would interfere with it.

Suppose there were a shortage of gun-cotton. Immediately that fact would be reflected in a higher price for cotton, and the farmer would increase his production and thereby aid the war effort.

Suppose there should be a shortage of food for our Allies. Immediately that fact would be reflected in a price rise, and immediately the farmer would increase his production of food, and do exactly what we want—aid the war effort instead of hindering it.

I have a good farm. It is modern, up to date, and well mortgaged. On my farm I have some hogs. Last month I had nine brood sows. I could either sell them as fat hogs or keep them for brood sows. The price of hogs looked good, and I kept them as brood sows. Hogs increase very rapidly, and it does not take the farmer long to expand his production of pork and lard. That is exactly what we want. Therefore, to allow agriculture to operate under the law of supply and demand not only would not thwart the war effort but would aid the war effort by supplying the very sinews of war.

The next point is inflation. If we should fix a ceiling on farm prices, that might aid our effort to control inflation to some extent—not much, as I shall show—but at the same time it would thwart the increased production of a commodity of which there was evidently a shortage, or else the price would not be going up. So we should find ourselves running counter to the main purpose, which is to aid the war effort.

I said I would show that the bill would not be of much aid in our effort to prevent inflation. Last year 25 percent of the population of the United States received only 8 percent of the national income. The farmers represent 25 percent of the population of the Nation, but last year they received only 8 percent of the national income. Does that 8 percent afford us our only opportunity to prevent inflation? I maintain that until that 3 percent reaches 25 percent of the national income, the farmer will not be on a parity, and there will not be inflation. So, the second point, which is that the object is to prevent inflation, is very weak; and the little control we could exercise would operate at cross purposes to the purpose of increasing the production of a commodity of which there might be a shortage.

Finally, the purpose of the bill is to prevent war profiteering. Last year many contractors and many businesses made tremendous profits. Did the farmer? No; he received 8 percent of the national income, although he represented 25 percent of the population. Was he included among the profiteers of 1941? Was he among the profiteers of World War No. 1? Do we find any farmers among the 23,000 persons who became millionaires during the first World War? No. Therefore the third purpose, which is to prevent war profiteering, also falls.

For these reasons I conclude that there is no good reason for bringing the farmer under the bill.

Now let us make a comparison. I know what we are trying to do, and I am in sympathy with it, and I should be the

last one to vote for anything which, in my opinion, would either hinder the war effort, prevent us from controlling inflation, or make war profiteers. Let us take aluminum as an example. It is said we must have the bill because there is a shortage of aluminum, that we must control commodities because some of them must be diverted from civilian consumption to war production. That is not true of wheat, because civilians must eat wheat. It is not true of cotton, because civilians must wear clothes. But they can do without rubber, automobiles, and many other commodities which are not grown or produced on the farms of the United States. Consequently there is a difference in the fundamental nature of what we are attempting to do; and the farmer is not a necessary part of the price-control bill.

I thank the Senate for its patience and consideration in listening to my remarks.

Mr. BANKHEAD. Mr. President, I shall not long detain the Senate. I am as anxious as is any one other Senator to have a vote. I simply desire to say that there is no reason why anyone should misunderstand the purpose and the effect of the Barkley amendment. It is intended to emasculate the so-called Bankhead amendment, and, of course, it would have that effect. The Senator from Kentucky does not dispute that statement, although he says it would have no binding effect.

Those who at heart are in favor of the Bankhead amendment will of necessity vote against the Barkley amendment. Those who are hunting for a ground on which to change their position, of course, will vote for the Barkley amendment, if they desire to use it as such a ground. But the Barkley amendment, if agreed to, will mean the complete emasculation of the Bankhead amendment.

Mr. LEE. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. LEE. I am not hunting for a way to dodge anything; I have never been wholeheartedly in sympathy with the Bankhead amendment, because it would establish something of a division. I have been opposed to bringing agriculture under the bill at all.

Mr. BANKHEAD. I have stated my attitude, and I have nothing to retract. I call for the yeas and nays on the amendment, so that we can find out who are for and who are against my amendment for the benefit of the farmer.

Mr. JOHNSON of Colorado. Mr. President, I desire to make a very brief statement; I shall not require more than 1 minute to do so.

During the last few hours I have received a great many telegrams in regard to what the bill would do to the potato growers. Consequently, I telephoned to the Department of Agriculture and asked what is the present parity price on potatoes. I spoke to Mr. Orr, who was still at the Department of Agriculture, even though it was 5:30 when I telephoned. Mr. Orr told me that on December 15 last the parity price on potatoes was \$1.013. That is not the Chicago market price, he told me; that is the average farm price throughout the United States.

I cannot help being convinced that the floor which is sought to be put on the price of potatoes is very fair. One hundred and ten percent of parity would make the price throughout the country approximately \$1.143 a bushel, and it seems to me that such a floor—not a ceiling, mind you—would be very, very helpful to potato growers.

In connection with my remarks, I ask unanimous consent to have printed at this point in the RECORD a letter received today by me from a potato grower in Colorado, Mr. Frank J. Cusack. His letter indicates the difficulties facing the potato grower. Truly, he must contend with a market rapidly fluctuating from year to year, and he needs years of high prices in order to balance the effect of years when prices are disastrously low.

There being no objection, the letter submitted by Mr. JOHNSON of Colorado was ordered to be printed in the RECORD, as follows:

JANUARY 8, 1942.

HON. EDWIN C. JOHNSON,
United States Senate,
Washington, D. C.

DEAR SENATOR JOHNSON: In considering the proposed price regulation of farm products, I wish to call your attention to the serious aspects of this bill as it applies particularly to the potato industry.

Potatoes, as you know, are perishable and no adequate means have been found yet to store annual surpluses. Prices heretofore have been governed entirely by supply and demand, and very frequently the potato market is the exact reverse of the market on ordinary farm products. This was especially true in the year 1940 when there was a large surplus, even though a smaller acreage was planted. Prices were generally ruinous throughout the entire country as they have been more frequently than not during the past 10 years. As a consequence, even smaller acreages were planted in 1941, resulting in a decrease in yield from 397,000,000 bushels in 1940 to 357,000,000 bushels in 1941. This decrease was purely voluntary, due primarily to the inability of the potato grower to properly finance his structure. Even though prices have generally increased since October 1941 to a point where a fair profit can now be realized from the sale of such produce, many growers were forced to sell in September 1941, in the face of huge cost increases, at a price which produced a further loss to the grower. All things considered, one disaster has followed another in this industry until the growers are extremely jittery about the future, even disregarding the threat of price control. This industry, as you know, is one of the largest in the State of Colorado and has in many years produced the biggest cash crop of any other farm product.

It has been estimated that cost increases during the harvesting season of 1941 as compared with 1940 are approximately as follows:

Burlap sacks, 300 percent.

Labor, 100 percent and up.

Washing and packing 50 to 100 percent.

The average farmer invests approximately \$125 in each acre of potatoes before harvesting is completed, or many times more than the average farm product. Hence, much consideration must be given to the prospects for profit before a farmer will even consider this type of crop. Tremendous investments in equipment and machinery are also necessary.

I am entirely satisfied that if the opportunity for profit is in any way seriously threatened by rigid price control at an inflexible level that does not take into consideration not only present increases in cost but prospective increases, that the entire indus-

try will be seriously threatened and a real potato famine can very well develop. Furthermore, I am sure that the above statements are most conservative and can be verified by any kind of an impartial investigation. It is my thought that, generally speaking, any price ceiling below a minimum of \$3.50 per hundredweight, Chicago market, on No. 1 Colorado or Idaho potatoes would be very likely to bring about disastrous results.

Yours very truly,

FRANK J. CUSACK,
Secretary and Treasurer Colorado
Certified Potato Growers Association.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Kentucky [Mr. BARKLEY] to the amendment of the Senator from Alabama [Mr. BANKHEAD].

Mr. BARKLEY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Gerry	O'Daniel
Austin	Glass	O'Mahoney
Bailey	Green	Overton
Ball	Guffey	Radcliffe
Bankhead	Gurney	Reed
Barkley	Hayden	Reynolds
Billbo	Herring	Rosier
Bone	Hill	Russell
Brewster	Holman	Schwartz
Brooks	Hughes	Shipstead
Brown	Johnson, Colo.	Spencer
Bulow	Kilgore	Taft
Bunker	La Follette	Thomas, Idaho
Burton	Langer	Thomas, Okla.
Butler	Lee	Thomas, Utah
Byrd	Lodge	Tobey
Capper	Lucas	Truman
Caraway	McCarran	Tunnell
Chandler	McFarland	Tydings
Chavez	McKellar	Vandenberg
Clark, Idaho	McNary	Van Nuys
Clark, Mo.	Maloney	Wagner
Connally	Maybank	Wallgren
Danaher	Mead	Walsh
Davis	Millikin	White
Downey	Murdock	Wiley
Doxey	Murray	Willis
Ellender	Norris	
George	Nye	

The VICE PRESIDENT. Eighty-five Senators have answered to their names. A quorum is present. The question is on agreeing to the amendment offered by the Senator from Kentucky [Mr. BARKLEY] to the amendment offered by the Senator from Alabama [Mr. BANKHEAD].

Mr. BARKLEY. On that question I call for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the call.

Mr. HOLMAN (when his name was called). I have a general pair with the junior Senator from Tennessee [Mr. STEWART]. I am advised that if that Senator were present he would vote as I am about to vote. I vote "nay."

Mr. THOMAS of Utah (when his name was called). On this question I have a pair with the senior Senator from New Hampshire [Mr. BRIDGES]. I transfer that pair to the senior Senator from Florida [Mr. ANDREWS], and will vote. I vote "nay."

The roll call was concluded.

Mr. McNARY. The senior Senator from California [Mr. JOHNSON] is unavoidably absent. If present, he would vote "nay." He has a pair with the Senator from New Mexico [Mr. HATCH]. I am advised that, if present, the Senator from New Mexico would vote "yea."

Mr. McKELLAR. My colleague, the junior Senator from Tennessee [Mr. STEWART], is absent because of illness in his family. If he were present he would vote "nay."

Mr. HILL. I announce that the Senator from New Mexico [Mr. HATCH] is absent from the Senate because of illness. He has a pair with the Senator from California [Mr. JOHNSON]. I am advised that, if present and voting, the Senator from New Mexico would vote "yea," and the Senator from California would vote "nay."

The Senator from Florida [Mr. ANDREWS], the Senator from New Jersey [Mr. SMATHERS], and the Senator from South Carolina [Mr. SMITH] are necessarily absent. I am advised that, if present and voting, these Senators would vote "nay."

The Senator from Montana [Mr. WHEELER] is absent on important public business. I am advised that, if present and voting, he would vote "nay."

The Senator from Florida [Mr. PEPPER] and the Senator from Iowa [Mr. GILLETTE] are unavoidably absent.

Mr. AUSTIN. The Senator from New Jersey [Mr. BARBOUR] is necessarily absent.

The Senator from New Hampshire [Mr. BRIDGES] is absent in a hospital because of a recent hip injury.

The result was announced—yeas 39, nays 46, as follows:

YEAS—39

Austin	Ellender	Mead
Ball	Gerry	Norris
Barkley	Glass	Radcliffe
Bone	Green	Reynolds
Brewster	Guffey	Taft
Brown	Gurney	Truman
Burton	Hughes	Tunnell
Byrd	Kilgore	Tydings
Chandler	Lee	Vandenberg
Chavez	Lodge	Wagner
Clark, Idaho	Lucas	Wallgren
Clark, Mo.	Maloney	Walsh
Danaher	Maybank	White

NAYS—46

Alken	Herring	Overton
Bailey	Hill	Reed
Bankhead	Holman	Rosier
Billbo	Johnson, Colo.	Russell
Brooks	La Follette	Schwartz
Bulow	Langer	Shipstead
Bunker	McCarran	Spencer
Butler	McFarland	Thomas, Idaho
Capper	McKellar	Thomas, Okla.
Caraway	McNary	Thomas, Utah
Connally	Millikin	Tobey
Davis	Murdock	Van Nuys
Downey	Murray	Wiley
Doxey	Nye	Willis
George	O'Daniel	
Hayden	O'Mahoney	

NOT VOTING—11

Andrews	Hatch	Smith
Barbour	Johnson, Calif.	Stewart
Bridges	Pepper	Wheeler
Gillette	Smathers	

So Mr. BARKLEY's amendment to Mr. BANKHEAD's amendment was rejected.

The VICE PRESIDENT. The question now is on agreeing to the amendment offered by the Senator from Alabama [Mr. BANKHEAD] to the amendment, in the nature of a substitute, reported by the committee. Upon that question the yeas and nays have already been ordered. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. HOLMAN (when his name was called). I have a general pair with the junior Senator from Tennessee [Mr.

STEWART]. I am advised that if he were present he would vote as I am about to vote. I vote "yea."

Mr. THOMAS of Utah (when his name was called). On this vote I have a pair with the senior Senator from New Hampshire [Mr. BRIDGES]. I transfer that pair to the senior Senator from Florida [Mr. ANDREWS], and vote. I vote "yea."

The roll call was concluded.

Mr. HILL. I announce that the Senator from New Mexico [Mr. HATCH] is absent from the Senate because of illness. He has a pair with the Senator from California [Mr. JOHNSON]. I am advised that if present and voting, the Senator from New Mexico would vote "nay," and that the Senator from California would vote "yea."

The Senator from Florida [Mr. ANDREWS], the Senator from New Jersey [Mr. SMATHERS], and the Senator from South Carolina [Mr. SMITH] are necessarily absent. I am advised that if present and voting, these Senators would vote "yea."

The Senator from Montana [Mr. WHEELER] is absent on important public business. I am advised that if present and voting, he would vote "yea."

The Senator from Florida [Mr. PEPPER] and the Senator from Iowa [Mr. GILLETTE] are unavoidably absent.

Mr. AUSTIN. The Senator from New Jersey [Mr. BARBOUR] is necessarily absent.

The Senator from New Hampshire [Mr. BRIDGES] is absent in a hospital because of a recent hip injury.

Mr. McNARY. Again referring to the absence of the senior Senator from California [Mr. JOHNSON], I announce that if he were present he would vote "yea." He has a pair with the Senator from New Mexico [Mr. HATCH], who I am advised would vote "nay" if present.

Mr. McKELLAR. My colleague, the junior Senator from Tennessee [Mr. STEWART] is unavoidably detained. If he were present he would vote "yea."

The result was announced—yeas 48, nays 37, as follows:

YEAS—48

Alken	Hayden	O'Daniel
Bailey	Herring	O'Mahoney
Bankhead	Hill	Overton
Billbo	Holman	Reed
Brooks	Johnson, Colo.	Rosier
Bulow	La Follette	Russell
Bunker	Langer	Schwartz
Butler	Lee	Shipstead
Capper	McCarran	Spencer
Caraway	McFarland	Thomas, Idaho
Clark, Idaho	McKellar	Thomas, Okla.
Connally	McNary	Thomas, Utah
Davis	Millikin	Tobey
Downey	Murdock	Van Nuys
Doxey	Murray	Wiley
George	Nye	Willis

NAYS—37

Austin	Gerry	Radcliffe
Ball	Glass	Reynolds
Barkley	Green	Taft
Bone	Guffey	Truman
Brewster	Gurney	Tunnell
Brown	Hughes	Tydings
Burton	Kilgore	Vandenberg
Byrd	Lodge	Wagner
Chandler	Lucas	Wallgren
Chavez	Maloney	Walsh
Clark, Mo.	Maybank	White
Danaher	Mead	
Ellender	Norris	

NOT VOTING—11

Andrews	Hatch	Smith
Barbour	Johnson, Calif.	Stewart
Bridges	Pepper	Wheeler
Gillette	Smathers	

So Mr. BANKHEAD's amendment to the amendment of the committee was agreed to.

Mr. BANKHEAD. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. McKELLAR. I move to lay that motion on the table.

The VICE PRESIDENT. The question is on agreeing to the motion to lay on the table.

The motion to lay on the table was agreed to.

Mr. O'MAHONEY obtained the floor.

Mr. BARKLEY. Will the Senator yield to me a moment?

Mr. O'MAHONEY. I yield.

Mr. BARKLEY. I have been asked by numerous Senators whether it is my intention to move for a session tomorrow, and I wish to announce that it is. I believe there are not more than one or two more controversial amendments, and I think we can dispose of the bill tomorrow in an hour or two. I hope Senators will cooperate to that end. I wish to say also that it is my purpose to move that the Senate meet at 11 o'clock tomorrow morning instead of at noon.

Mr. O'MAHONEY. Mr. President, there are on the table two amendments, one of which was offered by the senior Senator from Nevada [Mr. McCARRAN], and the other by myself. After conference with the Senator from Nevada I am combining his amendment with the one I have presented, and I desire to call up the combined amendment for discussion. It is my understanding, of course, that the desire of the Senator from Kentucky is that the Senate take a recess at this time until tomorrow morning at 11 o'clock. My purpose is merely to have the amendment available to Senators tomorrow when we resume consideration of the bill, so I ask that the amendments as combined be printed as an amendment, and printed in the RECORD.

The VICE PRESIDENT. Is there objection to the request of the Senator from Wyoming?

There being no objection, the amendment was ordered to be printed, and to be printed in the RECORD, as follows:

On page 29, after line 4, strike all of section 3, relating to "Agricultural commodities," and insert in lieu thereof the following section 3:

"Sec. 3. (a) No maximum price shall be established or maintained for any agricultural commodity below either (1) the then current emergency wage parity price or comparable price for such commodity, adjusted for grade, location, and seasonal differentials, as determined and published by the Secretary of Agriculture in the manner hereinafter provided in subsection (b); or (2) the market price prevailing for such commodity on October 1, 1941, or December 15, 1941, whichever is the higher.

"(b) For the purposes of this act, emergency wage parity prices shall be determined by the Secretary of Agriculture by constructing a combined index in which the purchasing-power index now used by the Secretary to compute parity prices shall be given a weight of 80 and a factor representing an index of urban wage rates, as determined by the formula in use January 1, 1941, in the index of wage rates published in The Monthly Review of Credit and Business Conditions, by the Federal Reserve Bank of New York, shall be given a weight of 20. This combined

index shall have August 1909 to July 1914 as a base period. In applying this combined index the Secretary shall take such steps as in his judgment may be necessary to establish and maintain equitable price relationships, as among all agricultural commodities.

"(c) Any maximum price established upon the resale price of any agricultural commodity, or any grade, regional or market classification thereof, or upon the price of any commodity processed or manufactured in whole or substantial part from any agricultural commodity shall not be below a price which will reflect to the producer of such agricultural commodity the emergency wage parity or comparable price therefor as determined pursuant to this section.

"(d) Neither the provisions of section 5 nor any other provision of this act shall be construed to authorize any action contrary to the provisions and purposes of this section: *Provided*, That nothing contained in this act shall be construed to modify, repeal, supersede, or affect the provisions of the act of Congress cited as the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provisions thereof, or amendments thereto, which may be in existence or hereafter issued under the provisions of said act."

The VICE PRESIDENT. Is the Senator from Wyoming formally offering the amendment for consideration?

Mr. O'MAHONEY. I am formally offering the amendment now, so that it will be the pending question.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Wyoming.

Mr. TYDINGS. Mr. President, I wanted to offer an amendment, but the Senator from Wyoming [Mr. O'MAHONEY] had said that he would like to have his considered first; so if mine will not be in order until his is disposed of, I shall not offer mine at this time.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. REYNOLDS, from the Committee on Military Affairs:

Maj. Gen. Stanley Dunbar Embick, United States Army, and Maj. Gen. George Howard Brett (colonel, Air Corps), Army of the United States, to be lieutenant generals in the Army (temporary), under the provisions of law.

By Mr. HILL, from the Committee on Commerce:

L. Welch Pogue, of Iowa, to be a member of the Civil Aeronautics Board in the Department of Commerce for the term of 6 years expiring December 31, 1947, vice C. Grant Mason, Jr.; and

Several ensigns (temporary) to be lieutenants (junior grade) (temporary) in the Coast Guard.

The VICE PRESIDENT. If there be no further reports of committees, the clerk will state the nominations on the calendar.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask that the nominations of postmasters be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations are confirmed en bloc.

That completes the calendar.

CIVIL AERONAUTICS BOARD

Mr. BARKLEY. Mr. President, the nomination of L. Welch Pogue, of Iowa, to be a member of the Civil Aeronautics Board in the Department of Commerce, was reported today by the Senator from Iowa [Mr. HERRING] from the Committee on Commerce. It is desirable to have action taken upon that nomination now if possible.

The VICE PRESIDENT. The clerk will read the nomination.

The legislative clerk read the nomination of L. Welch Pogue, of Iowa, to be a member of the Civil Aeronautics Board in the Department of Commerce.

Mr. BARKLEY. I ask unanimous consent for the present consideration of the nomination.

The VICE PRESIDENT. Is there objection? The Chair hears none, and, without objection, the nomination is confirmed.

Mr. BARKLEY. I ask that the President be notified immediately of all nominations this day confirmed.

The VICE PRESIDENT. The President will be notified forthwith.

THE MOTOR-CAR INDUSTRY—NECESSITY FOR DEVELOPING RAW MATERIALS

As in legislative session,

Mr. O'MAHONEY. Mr. President, I have received so many inquiries by telegram and by letter from persons interested in the motor-car industry in Wyoming and throughout the country that I desire to make a brief statement. I do not intend to detain the Senate, but it seems to me the material which I have gathered is of such importance in connection with the requests for information that have been directed to me, that I want it to appear in the RECORD tomorrow morning.

I find, for example, after having made a survey of the motorcar industry in my State, that on the national scene there is 1 passenger car to every 4.9 persons. In Wyoming there is 1 passenger car to every 3.9 persons. Nationally 15 percent of all motor vehicles are trucks. In Wyoming 21 percent of all motor vehicles are trucks. Nationally there is 1 motorcar dealer to every 3,300 persons. In Wyoming there is 1 motorcar dealer to every 1,100 persons. The population of Wyoming is approximately 0.19 percent of the total population of the country. Wyoming motorcar ownership is approximately 0.26 of the national car ownership.

With respect to the overhead of conducting the motorcar business nationally, I find, according to the National Automobile Dealers Association, that the proceeds of car sales account for 50 percent of the overhead, whereas in Wyoming the proceeds of car sales account for 58.9 percent of the overhead.

It will be seen from these figures what a tremendous dislocation of local busi-

H. R. 5990

IN THE SENATE OF THE UNITED STATES

JANUARY 9 (legislative day, JANUARY 6), 1942

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. McCARRAN to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes, viz:

- 1 On page 29, line 11, of the committee amendment, strike
- 2 out "October 1, 1941" and insert in lieu thereof "December
- 3 15, 1941".

AMENDMENT

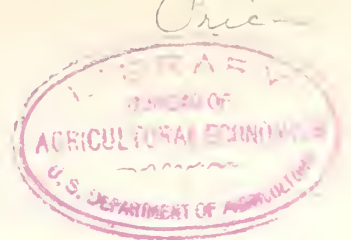
Intended to be proposed by Mr. McCARRAN to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

JANUARY 9 (legislative day, JANUARY 6), 1912

Ordered to lie on the table and to be printed

77TH CONGRESS
2^D SESSION

H. R. 5990



IN THE SENATE OF THE UNITED STATES

JANUARY 9 (legislative day, JANUARY 6), 1942

Ordered to be printed

AMENDMENT

Proposed by Mr. O'MAHONEY to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes, viz: On page 29, after line 4, strike all of section 3, relating to "Agricultural Commodities", and insert in lieu thereof the following section 3:

- 1 SEC. 3. (a) No maximum price shall be established or
- 2 maintained for any agricultural commodity below either (1)
- 3 the then current emergency wage parity price or comparable
- 4 price for such commodity, adjusted for grade, location and
- 5 seasonal differentials, as determined and published by the
- 6 Secretary of Agriculture in the manner hereinafter provided
- 7 in subsection (b) ; or (2) the market price prevailing for

1 such commodity on October 1, 1941, or December 15, 1941,
2 whichever is the higher.

3 (b) For the purposes of this Act, emergency wage
4 parity prices shall be determined by the Secretary of Agri-
5 culture by constructing a combined index in which the pur-
6 chasing power index now used by the Secretary to compute
7 parity prices shall be given a weight of 80 and a factor repre-
8 senting an index of urban wage rates, as determined by the
9 formula in use January 1, 1941, in the index of wage rates
10 published in "The Monthly Review of Credit and Business
11 Conditions" by the Federal Reserve Bank of New York,
12 shall be given a weight of 20. This combined index shall
13 have August 1909, to July 1914, as a base period. In
14 applying this combined index the Secretary shall take such
15 steps as in his judgment may be necessary to establish and
16 maintain equitable price relationships, as among all agri-
17 cultural commodities.

18 (c) Any maximum price established upon the resale
19 price of any agricultural commodity, or any grade, regional
20 or market classification thereof, or upon the price of any
21 commodity processed or manufactured in whole or substantial
22 part from any agricultural commodity shall not be below a
23 price which will reflect to the producer of such agricultural
24 commodity the emergency wage parity or comparable price
25 therefor as determined pursuant to this section.

1 (d) Neither the provisions of section 5 nor any other
2 provision of this Act shall be construed to authorize any
3 action contrary to the provisions and purposes of this section:
4 *Provided*, That nothing contained in this Act shall be con-
5 strued to modify, repeal, supersede, or affect the provisions
6 of the Act of Congress cited as the Agricultural Marketing
7 Agreement Act of 1937, as amended, or to invalidate any
8 marketing agreement, license, or order, or any provisions
9 thereof, or amendments thereto, which may be in existence
10 or hereafter issued under the provisions of said Act.

AMENDMENT

Proposed by Mr. O'MAHONEY to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

JANUARY 9 (legislative day, JANUARY 6), 1942

Ordered to be printed

H. R. 5990

Prices

IN THE SENATE OF THE UNITED STATES

JANUARY 9 (legislative day, JANUARY 6), 1942

Ordered to lie on the table and to be printed

AMENDMENT

Intended to be proposed by Mr. TYDINGS to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes, viz:

- 1 On page 33, line 7, insert the following: "*Provided,*
- 2 That all appointees receiving \$4,000 a year or more, and
- 3 all chiefs of regional and State agencies established by the
- 4 Administrator shall be appointed by the President and con-
- 5 firmed by the Senate."

AMENDMENT

Intended to be proposed by Mr. TRYMINGS to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

JANUARY 9 (legislative day, JANUARY 6), 1942

Ordered to lie on the table and to be printed

Sum 1 P

patriotism if they oppose the move of their respective agencies; and

Whereas the removal of such personnel involves monetary losses of incalculable amounts, as well as the disruption of home and civic life; and

Whereas, in the opinion of the representatives of the agencies affected, expressed in public hearings before the committees, the efficiency of the Federal Government will be seriously impaired; and

Whereas, in the opinion of the representatives of the agencies affected, expressed in public hearings before the committees, the increase in cost of maintaining the offices away from Washington will result in tremendous increase in appropriations to carry on the work of the agencies; and

Whereas the work of the Congress of the United States in connection with such agencies and offices will be seriously impaired, and the cost of communicating with such agencies and offices will be tremendously increased; and

Whereas the whole fabric of civil and governmental life in Washington will be adversely affected if such agencies and offices are moved from the District of Columbia: Therefore be it

Resolved, That it is the sense of the Senate that the action taken by the Bureau of the Budget in ordering certain Government agencies and offices to move from the District of Columbia is without authority of law and contrary to the will of the Congress and without knowledge of the Congress, and that the execution of such order will result not only in vast increases in expenditures but also in increased inefficiency in governmental operation and the actual impairment of good government; and be it further

Resolved, That it is also the sense of the Senate that no agency or office of the Government be moved or transferred from the District of Columbia, the seat of Government, without the consent of the Congress of the United States; and be it further

Resolved, That it is also the sense of the Senate that the execution of such order should be stayed immediately; and be it further

Resolved, That the Senate hereby directs that the Director of the Budget, before taking any further steps toward removing any agency or office of the Government from the District of Columbia, submit a report to the Senate giving full and detailed information as to the reasons for the issuance of such order, the statutory authority upon which it is based, and a full and complete disclosure of all facts in connection with each and every agency or office directed to move under the provisions of said order.

PROPOSED CONSTRUCTION OF WOODEN SHIPS

Mr. McNARY. Mr. President, the Daily Oregonian of the issue of Thursday, December 18, 1941, contains a worthy suggestion which I ask unanimous consent to have printed in the RECORD.

The VICE PRESIDENT. Without objection, the article will be printed in the RECORD.

The article is as follows:

SHIPBUILDING RISE VISIONED—RESIDENT PROPOSES VESSELS OF WOOD

Tom Burns, "Sage of Burnside Street," wants the city council to launch a movement for the construction of wooden ships in Portland not only to provide much-needed employment but to make Portland the greatest shipbuilding point on earth and to get needed ships into service in much less time.

Mr. Burns asked the council to seek Federal funds for the assistance of shipyards which can launch wooden-ship construction, pointed out that this is the lumber center of the country, and that wooden ships can be built at half the cost and much less time than

steel ships and that steel for ships also is hard to get.

"A ship a day" might well be Portland's slogan, he said, and it would provide employment for both men and women. Experts have estimated that it will take 10 years after the war to construct enough ships to replace those lost and to be lost in this war, he pointed out.

The suggestion was taken under advisement by the council, and the petition for the opportunity to present the matter was filed.

OUR TOWER IS OUR DEMOCRACY—ADDRESS BY FRANK W. HANCOCK, JR.

[Mr. THOMAS of Oklahoma asked and obtained leave to have printed in the RECORD an address on the subject Our Tower Is Our Democracy, delivered by Frank W. Hancock, Jr., member of the Federal Home Loan Bank Board, at Winston-Salem, N. C., December 15, 1941, which appears in the Appendix.]

HAYM SALOMON

[Mr. LUCAS asked and obtained leave to have printed in the RECORD editorials relative to Haym Salomon from the Chicago Sun, the Chicago Daily News, the Chicago Daily Times, and the Herald-American, which appear in the Appendix.]

RADIO BROADCAST REVIEWING EVENTS OF 1941

[Mr. WALLGREN asked and obtained leave to have printed in the RECORD a radio broadcast on December 31, 1941, on the subject Twelve Crowded Months, by Elmer Davis, Albert Warner, Linton Wells, Edward R. Murrow, Eric Sevareid, William L. Shirer, Maj. George Fielding Eliot, and John Daly, which will appear hereafter in the Appendix.]

PRICE CONTROL

The Senate resumed the consideration of the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

Mr. VANDENBERG. Mr. President, 2 days ago the Senate adopted an amendment to the pending bill incorporating certain language from the House bill. The Legislative Counsel indicates that it was placed at the wrong point in the bill. With the entire concurrence of my colleague [Mr. BROWN], who is in charge of the bill, I ask unanimous consent that my amendment, which was agreed to day before yesterday, and inserted on page 45, after line 25, be transposed to page 29, after line 3, as a new subsection. This request is made at the suggestion of the Legislative Counsel.

The VICE PRESIDENT. Without objection, it is so ordered.

The question is on agreeing to the amendment offered by the Senator from Wyoming [Mr. O'MAHONEY] to the amendment reported by the committee, in the nature of a substitute.

Mr. O'MAHONEY. Mr. President, the amendment which is presented today is an effort, frankly speaking, to make certain that the price which the farmer receives for his commodities shall be tied to the urban wage rates. Perhaps, as a preliminary to the discussion of this subject, it should be pointed out that over a period of 60 years there has been a growing disparity between the agricultural and the urban economy. In 1880 almost three-fourths of all the peo-

ple of the United States lived on the farms or in rural communities.

I assume that this subject is pretty well understood by the Senate; but I shall impose a little bit upon the good nature of the Senate by reviewing briefly this growing disparity between agriculture and industry, because, as a matter of fact, it is, in my opinion, the very basis of all the troubles with which the world is beset.

Agriculture remains today the only calling of man, with the exception of the professional callings, which is carried on by individuals. It is the only calling of man, with the exception, as I have said, of professional pursuits, which is carried on by flesh-and-blood persons. Industry is carried on by huge organizations, and beginning with the time in 1880, when agriculture represented almost three-fourths of our population and our economy, down to this hour there has been a steady and unrelenting decrease in the standards of agriculture. This has been so great that under the wise leadership of the statesman who now graces this body as its Presiding Officer, in 1933 the Congress of the United States, with the support of the people of the United States, undertook to raise the standard of agriculture by establishing a system of restricted production and benefit payments.

I pointed out upon the floor of this Chamber 2 days ago that the war contracts which were entered into by the Army and Navy between June 1940 and September 30, 1941, were awarded to almost 3,000 firms, and 82.6 percent of those contracts went to 100 firms. I pointed out that, according to the estimate of Mr. Leon Henderson before the Committee on Banking and Currency, corporate profits for last year amounted to \$11,500,000,000. I then compared those corporate profits, received and gained for the most part out of war contracts, with the entire income of agriculture for the year 1941, including even the benefit payments; and out of the Treasury of the United States in 1941 more than a billion dollars was paid in benefit payments in order to prevent a collapse of agriculture. Yet, from some of the arguments which have been made, not so much on this floor as in the press and on the radio, one would imagine that agriculture is a privileged class. It is not a privileged class. It is a depressed class, and it stands today in danger of becoming a peasant class.

Mr. LEE. Mr. President—

The VICE PRESIDENT. Does the Senator from Wyoming yield to the Senator from Oklahoma?

Mr. O'MAHONEY. I yield.

Mr. LEE. I wish the Senator would repeat what he said about the corporate profits as compared with the farmer's income.

Mr. O'MAHONEY. I referred to an estimate by Mr. Leon Henderson, who is to be the Administrator of Prices, and for whom I have the greatest respect. Having worked with him for almost 3 years on the Temporary National Economic Committee, I can speak only in the highest terms of his frankness, his fairness, and his objectivity. Mr. Henderson was also a member of the Securities and

Exchange Commission, and in that position obtained very intimate knowledge of the business structure of this country. Testifying before the Committee on Banking and Currency, he gave the estimate that corporate profits in this country for 1941, before the payment of taxes, amounted to eleven and a half billion dollars, while agricultural income, all of it, including more than a billion dollars in benefit payments, for almost one-fourth of all the people of the country, is less than that.

Mr. LEE. That eleven billion was not the corporate income?

Mr. O'MAHONEY. Not at all; it was the profit.

Mr. LEE. Merely the profit?

Mr. O'MAHONEY. Yes; the profit.

Mr. LEE. And the figure the Senator compared against that, the income of the farmer, includes not profit but his income, out of which must come all expenses?

Mr. O'MAHONEY. The Senator's statement is absolutely correct. I am comparing corporate profits with the total agricultural income.

Mr. LEE. The farmers constitute 25 percent of the population of the United States?

Mr. O'MAHONEY. I believe they constitute exactly 24.3 percent.

Mr. LEE. The income of the farmer for 1941 represented 8 percent, plus, of the total income of the country. Is that correct?

Mr. O'MAHONEY. Will the Senator repeat the question?

Mr. LEE. The income of farmers, who constitute 24.3 percent of the population, was only 8 percent, plus?

Mr. O'MAHONEY. If the figures which the Bureau of Agricultural Economics have given me are correct, as I believe they are, last year the farmer's proportion was less than 8 percent. He received a little over 7 percent of the total national income in 1941.

Mr. LEE. Then, until the farmer's income equals 24.3 percent, the farmer is not on parity, is he?

Mr. O'MAHONEY. He is not receiving the same proportion of the national income that his numbers bear to the national population.

Mr. LEE. Yet, because some of us want to see the farmer have a chance to receive parity, the farmer is pointed out as a fellow getting everything and blocking everything.

Mr. O'MAHONEY. The Senator is correct.

Mr. LEE. That does not seem to be quite consistent with the facts.

Mr. O'MAHONEY. The Senator is quite right. There is a misapprehension. We cannot blame those who have not had the opportunity of studying this matter, but there is the feeling, when we speak of 110 percent of parity, that we are talking about something that is perfectly tremendous. When we speak of 110 percent of parity, the industrial worker, the business executive, perhaps the newspaper editor, who have not had an opportunity to study the figures, have the reaction, "If they are getting 100 percent of parity, they are getting all they are entitled to."

My point is that the formula of parity was constructed upon a depressed scale, and I am undertaking this morning in a few words to make as clear as I can the fundamental fact that agriculture is a depressed industry, and that the maintenance of agriculture is one of the most essential objectives before the Government of the United States.

Moreover, Mr. President, I say that agriculture and the farmers today represent practically the only bond between this country and totalitarianism. If we wish to save democracy, if we want to save the institutions of private property, if we desire to maintain the basis of free individual life, we must prevent the further decline of agriculture, and we must prevent the growing disparity between industry and agriculture.

Mr. BONE. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield to the Senator from Washington.

Mr. BONE. I think that if the present occupant of the chair, the President of the Senate, the Vice President of the United States, never made any other contribution, he justified his existence by one departmental activity, when along in the latter part of 1938 the Department of Agriculture issued a pamphlet on the income of American families. I am sure the Vice President recalls that pamphlet. When discussing disparity of incomes, I think it would pay every Senator to secure a copy of this pamphlet. I do not wish to take the time of the Senator from Wyoming, but when we are speaking of depressed incomes and disparity of incomes and the tragic effect such a condition is bound to have on our national life, let me say that not only is the farmer discriminated against, but all America is discriminated against for the benefit of a small group of people in this country.

For instance, in the pamphlet issued by the Department then headed by the present Vice President, it is pointed out that in 1935-36, out of some \$48,000,000,000 which went to all families in the country, only \$4,000,000,000 went to one-third of the families of the United States. That is, one-third of all the people of the country received only \$4,000,000,000 out of \$48,000,000,000. Merciful heavens! There could not be any greater or wider disparity than that. I have never seen challenged the figures put out by the Department of Agriculture.

Another one-third of our families received only \$11,000,000,000 out of the total of \$48,000,000,000. The remaining one-third of our families received \$33,000,000,000 out of the \$48,000,000,000. In other words, the latter third received nearly \$70 out of every \$100.

Mr. President, I should like to occupy a few moments more of the Senator's time in order to put this matter into the Record, because it is very illuminating.

Mr. O'MAHONEY. I am very happy to have the Senator do so.

Mr. BONE. At the top of the income ladder is the luckiest one-third of American families during this period, 1935 to 1936, and I imagine the disparity which existed at that time has more or less continued. Two-thirds of the families

in the United States had hard going; their incomes were very small; and the families representing the bottom third were living on incomes which were inconceivably low. Out of every 100 families, 27 families received less than \$750 a year to live on. Two-thirds of all families in the Nation received less than \$1,500 a year to live on.

Mr. President, the record, if one cares to pursue it in this very interesting pamphlet, indicates a condition which is indeed tragic in America, and while I have every compassion in my heart for the predicament in which the farmer finds himself, and I know what that predicament is, I feel that we should not overlook the fact that all America has suffered by reason of the condition which the Senator from Wyoming is now mentioning, and we are suffering from it right now, in the midst of the war. We promised the American people we would not permit a new crop of millionaires to rise in this country in the midst of and as a result of the war, but I am afraid we shall permit that situation to come about, simply because we are too timid to raise our voices against it, to take a firm stand against it, because we so highly respect the dollar sign, and because it is so eminently respectable to accumulate dollars. But, Mr. President, our failure to take a firm stand with respect to this matter will be a reproach to ourselves, and not only that, but we shall be subject to reproach in the pages of history if we permit such a condition to come about when we ask our boys to serve in the armed forces and to die for their country, for \$30 a month. If we do not remedy this condition the Congress will stand indicted in all the remaining annals of American history.

Mr. President, it is a crime to permit such a condition to prevail. It ought not to be tolerated. We ought to start right now to make sure by the most drastic forms of taxation, that no individuals shall, by reason of the war, become war millionaires. If we should do that, there would be no justification for the statement the Senator is now making.

Mr. O'MAHONEY. Mr. President, I am glad of the interruption, because it fortifies the point I am trying to make. It would be possible to cite fact after fact to demonstrate the sad position in which agriculture finds itself even in the face of Government efforts to bolster it up with benefit payments.

Only 2 or 3 days ago the Department of the Census handed out one of its very valuable reports—the one on agriculture. I am sure Senators will be startled to know that according to the census of 1940 the position of the farmer is today much worse than it was 10 years ago.

In 1929 almost 50 percent of all the farms in the United States received from the sale of farm products and from products produced by farm households less than \$1,000 each. In 1939 that proportion had grown until it was two-thirds. In 1929 only 6.6 percent of all the farms in the United States had an annual income from the sale of farm products and from products produced on the farm of less than \$250. What do Senators sup-

pose the record is now, after 7 years of benefit payments? Nineteen and two-tenths percent of all the farms in the United States are now receiving less than \$250 a year.

Mr. President, in the face of irrefutable evidence of that kind, who is there to say that the farmers are a privileged class; and when Members of the Senate and Members of the House want to guarantee the farmer an income by making certain that in a centralized administration of all prices that his prices will not be reduced, who can say that they are not serving the interest of the people of the United States?

Mr. President, the economy of one-fourth of the people of this country cannot be undermined without undermining the entire economy.

In order that the record may be clear, let me read now the comparison by groups between 1929 and 1939, according to the report of the Bureau of the Census. In 1929, as I said, 6.6 percent of all the farms received an income of less than \$250. In 1939 that percentage had increased to 19.2 percent. In 1929 the percentage receiving more than \$250 and less than \$400 a year was 8.6. In 1939 it had risen until it was 13.8 percent. I said it had risen. The percentage had risen, but the position of the farmer had declined. It had declined in the face of all the legislation and all the appropriations which Congress and the administration had enacted in order to benefit the farm population.

The percentage of farms receiving between \$400 and \$600 in 1929 was 12.8 percent. In 1939 it was 14.6 percent. The percentage of those receiving between \$600 and \$1,000 in 1929 was 20.8 percent. In 1939 it was 17 percent—the first time there was not an increase in one small bracket.

Mr. President, I shall not weary the Senate by reading all this release. I should like to have it included in the RECORD as a part of my remarks.

There being no objection, the release was ordered to be printed in the RECORD, as follows:

[Release of U. S. Department of Commerce, Bureau of the Census, Washington, January 6, 1941]

FARMS CLASSIFIED BY TOTAL VALUE OF PRODUCTS IN 1939

Approximately two-thirds of all farms in the United States each had a gross farm income, in 1939, of less than \$1,000 from the sale of farm products and from products used by farm households, according to a preliminary report released today by J. C. Capt, Director of the Census, Department of Commerce. About 1 out of every 5 farms had a gross farm income of less than \$250 in that year. Ten years earlier, slightly less than one-half of the farms had a comparable income of less than \$1,000, while only 6.6 percent reported an income of less than \$250. A previous report placed the total gross farm income at \$7,813,644,567 for 1939, as compared with \$11,011,329,335 for 1929.

The classification of farms by value of products was based upon reports for individual farms of the value of farm products sold, traded, or used by farm households. With only a few exceptions, the census figures relate to the value of livestock and livestock products sold or traded during the calendar years 1939 and 1929, and to the value of crops harvested in 1939 and 1929 that had been

or were to be sold or traded. The census figures represent the total of individual farm reports; hence sales between farms are included. The resulting duplication of value is an important factor, especially in livestock feeding areas. These figures do not include income from nonagricultural sources or from Government benefit payments.

The value of farm products sold, traded, or used by farm households in 1939 for farms in the "under 1,000" classification, amounted to \$1,667,448,488, which is 21.3 percent of the value for farm products on all classified farms. The value of farm products for the 1,145,005 farms in the "under \$250" value group amounted to \$159,328,628, which is only 2 percent of the total value of farm products for all classified farms. The proportion of farms in the "under \$250" value group for 1939 varied from 12.1 percent in the west

north central division to 27.9 percent in the east south central division. For individual States, the proportion varied from 5.6 percent in Iowa; 8 percent in North Dakota; 9.2 percent in Wisconsin; and 9.5 percent in Nebraska; to 31.7 percent in Kentucky; 31.8 percent in Arizona; 34.3 percent in West Virginia; and 37.3 percent in New Mexico.

The number of farms reporting value of farm products of "\$10,000 and over" was 58,313, or 1 percent of all farms classified in 1939. This compares with 86,587, or 1.4 percent of the farms classified in 1929. For 1939 the value of farm products for the "\$10,000 and over" group amounted to \$1,340,558,128, which is 17.2 percent of the gross value of farm products for all classified farms. More than 5 percent of the farms in Nevada, California, Wyoming, and Rhode Island had gross income of \$10,000 or more.

TABLE 1.—Farms reporting, 1939 and 1929; and value of farm products, sold, traded, or used by farm households, 1939; classified by total value of products for the United States

Value-group	Farms reporting				Value of farm products 1939
	Number		Percent		
	1939	1929	1939	1929	
All groups ¹	5, 968, 755	5, 999, 882	100. 0	100. 0	\$7, 813, 644, 567
Under \$250.....	1, 145, 005	397, 517	19. 2	6. 6	159, 328, 628
\$1 to \$99.....	332, 195	(²)	5. 6	(²)	18, 951, 230
\$100 to \$249.....	812, 810	(²)	13. 6	(²)	140, 377, 398
\$250 to \$399.....	821, 616	518, 032	13. 8	8. 6	263, 117, 289
\$400 to \$599.....	870, 629	766, 118	14. 6	12. 8	427, 859, 013
\$600 to \$999.....	1, 053, 575	1, 245, 684	17. 7	20. 8	817, 143, 553
\$600 to \$749.....	479, 481	(²)	8. 0	(²)	320, 766, 794
\$750 to \$999.....	574, 094	(²)	9. 6	(²)	496, 376, 759
\$1,000 to \$1,499.....	708, 917	937, 910	11. 9	15. 6	866, 289, 307
\$1,500 to \$2,499.....	680, 101	981, 163	11. 4	16. 4	1, 306, 696, 763
\$1,500 to \$1,999.....	416, 081	(²)	7. 0	(²)	718, 248, 576
\$2,000 to \$2,499.....	264, 020	(²)	4. 4	(²)	588, 448, 187
\$2,500 to \$3,999.....	375, 973	628, 006	6. 3	10. 5	1, 169, 500, 946
\$4,000 to \$5,999.....	165, 679	291, 112	2. 8	4. 9	796, 228, 144
\$6,000 to \$9,999.....	88, 947	147, 753	1. 5	2. 5	666, 922, 791
\$10,000 to \$19,999.....	40, 670	61, 606	. 7	1. 0	545, 022, 351
\$20,000 and over.....	17, 643	24, 981	. 3	. 4	795, 535, 777
\$20,000 to \$29,999.....	8, 817	(²)	. 1	(²)	211, 248, 034
\$30,000 to \$39,999.....	3, 388	(²)	. 1	(²)	115, 645, 255
\$40,000 to \$49,999.....	1, 687	(²)	(²)	(²)	74, 788, 083
\$50,000 to \$74,999.....	1, 899	(²)	(²)	(²)	112, 974, 528
\$75,000 to \$99,999.....	761	(²)	(²)	(²)	65, 176, 624
\$100,000 and over.....	1, 091	(²)	(²)	(²)	215, 703, 253

¹ Excludes farms with no farm products sold, traded, or used by farm households for 1939, as well as unclassified farms for both 1939 and 1929.

² Not available.

³ Less than one-tenth of 1 percent.

Mr. O'MAHONEY. To emphasize the transition from an individual to a corporate economy, from an agricultural to an industrial economy, I wish to refer again to the figures which I put in the RECORD day before yesterday. I want it clearly understood that I recognize the absolute necessity in this crisis in the history of our country to give contracts to the great organizations which are receiving them. I have no complaint about that.

On the radio this morning it was announced that General Motors had just received a contract for \$300,000,000 for the manufacture of tanks. Of course, the contract must be given to General Motors or to some similar large corporation if we are to get the tanks and get them speedily. But what I am calling attention to is that in this concentration of industry we are destroying the very basis of democratic society and the free-

enterprise system. We are dealing with the stuff of which revolutions are made. Let there be no mistake about it. When Andre Maurois, of France, returned to this country after the debacle in France, speaking about the conditions there, he said:

You may choose between a totalitarian philosophy and a democratic philosophy, but you cannot have both.

Let no one make a mistake, Mr. President. We are confronted with that choice here and now. Who did not read in the newspapers just the other day the advertisements issued by the C. I. O. on the one hand, and by the management of the automotive industry on the other? They were full-page advertisements appealing to the urban population, the C. I. O. blaming management because management had not sooner adopted the Reuther plan, and management saying,

"We cannot see this industry socialized. We cannot give labor a share in the management."

Mr. President, I am not interested in discussing the merits of that controversy. I merely am pointing out that the controversy is here. The question which has arisen, not only in this country but throughout the world, is how the large organized groups are going to be managed and made responsive to public will and to the interest of the people. The controversy between those who wrote the two advertisements is the same controversy which destroyed France. The Minister of the Interior of the Vichy government, whose principal aide was assassinated the other day, was in private life one of the principal leaders of the French steel cartel, which operated with the German cartel.

When the members of the Banking and Currency Committee reported this bill, they necessarily did not have before them—let me say excusably did not have before them—information of this character. They were dealing with prices alone, as though prices could be handled without affecting our entire economy. They cannot be handled without affecting our entire economy. As I pointed out in the release given out by the O. P. M.—these are not my words or my figures; they are the figures of O. P. M.—more than fifteen and a quarter billion dollars in war contracts were awarded by the Army and Navy between June 1940 and September 30, 1941. Fifteen large industrial organizations received more than 50 percent of those contracts. According to the O. P. M., 15 industrial organizations received \$8,168,600,000. Twenty-eight companies received \$9,973,000,000, or 65.3 percent. Forty-four companies received \$11,117,500,000, or 72.8 percent. Sixty-three companies received \$11,787,600,000 in contracts from the Army and Navy, or more than the entire agricultural income for 1940, including the benefit payments. That amounted to 77.2 percent; and, as I said, 100 companies received 82.6 percent.

I refer to the full text of the release from the O. P. M., which is to be found in the CONGRESSIONAL RECORD of January 8, at pages 120 and 121. On page 121 I inserted a list of the names of the corporations. One hundred of them received 82.6 percent of fifteen and a quarter billion dollars in contracts.

Is it any wonder in circumstances of this kind that the newspapers appear with advertisements on behalf of management and labor? Is it any wonder that this controversy has arisen? Of course it is no wonder. It could not be avoided, because all the institutions of man, political and economic, are brought into existence by reason of the efforts of man to live; and when the industrial worker is unable to command his own job, when he is dependent upon an organization over which he has no control, and over which the Government exercises precious little control, of course, it is not to be wondered that he forms huge organizations of his own.

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. BREWSTER. Does the Senator mean to intimate that the money changers of Wall Street are in control of the placement of our procurement contracts?

Mr. O'MAHONEY. The Senator himself is a member of the committee which is investigating that matter. I should be very glad to have his testimony. I make it a practice never to intimate. I usually say what I mean as plainly as I can.

Mr. BREWSTER. I think within the week the Senator will have the benefit of the report of our committee, which will undertake to fix the responsibility for the very deplorable condition to which he alludes. I am sure the investigations of the committee of which the Senator is chairman started us in this direction; but he will understand a certain interest on this side of the Chamber in the significance of certain facts.

Mr. O'MAHONEY. I am very glad to know that interest is developing on the other side of the Chamber. I welcome it. I have been talking about it for 7 years. If I am to have a little assistance from the Senator from Maine, I shall, indeed, be very happy.

I do not wish, however, to make this discussion of an amendment to a price-control bill the vehicle for any argument about who was right and who was wrong about our industrial economic set-up. I believe we are all to blame. I do not believe any particular group can be held responsible; for, Mr. President, I will say to the Senator from Maine that, having spent 2 years and 9 months as chairman of the Temporary National Economic Committee, which made as thorough a study as it was possible for the members of the committee to make, I am ready to testify to my belief that most of the leaders of business and most of the leaders of labor are interested only in doing the right thing. Our trouble has been that we have not known the facts; and my present effort, Mr. President, is to show the facts.

Mr. BREWSTER. Mr. President, will the Senator further yield?

Mr. O'MAHONEY. I yield to the Senator from Maine.

Mr. BREWSTER. I desire to subscribe very enthusiastically to what the Senator says. As he says—and I have reached the same conclusion—we cannot fix responsibility on any particular individual or group. There has been, as the Senator knows, an unfortunate tendency to align labor against capital—a tendency which I think the Senator will agree is not conducive to the progress we desire. I may add that in the report which our committee will make we shall not in any way intimate that sinister influences have secured control of the situation in Washington in connection with the spending of \$50,000,000,000, but rather that there has been a certain failure of integrated responsibility to make sure that the interests of the Government are alone considered. I think the Senator will agree with those of us who are members of the committee, and that he would certainly desire to have the procurement program handled

along well-settled and responsible governmental lines.

Mr. O'MAHONEY. If the Senator from Maine desires me to do so, at some convenient date I will take up the matter with the Chairman of the S. P. A. B. Perhaps the Senator will make his own representations.

Mr. BREWSTER. Since the Senator has made reference to the subject, I may say that every step in the direction of integrated responsibility has had my most enthusiastic support. I trust we shall continue that steady progress, but I trust it will be expedited by the crisis of this war; that during the coming months we may proceed much more rapidly than we have in the past 12 months toward centering responsibility. S. P. A. B. was a long step in the right direction.

Mr. O'MAHONEY. Mr. President, that is another question. It is not the question presently before us. While the subject is of tremendous interest, and I might like to express myself upon it, I know the Senator will pardon me if I pass from it for the moment and go to other matters.

Mr. VANDENBERG. Mr. President—

Mr. O'MAHONEY. I yield to the Senator from Michigan.

Mr. VANDENBERG. I have substantial sympathy with the Senator's purpose to tie a wage factor into the price-control equation; so what I am now submitting to the Senator is in no sense hostile to his attitude.

Mr. O'MAHONEY. The Senator is never hostile.

Mr. VANDENBERG. The Senator from Wyoming has presented some very interesting figures with respect to the enormous concentration of large industrial contracts in a few spots. I am sure he does not want to leave the implication that such action is a bestowal of a privilege and a blessing upon the particular industrial units.

Mr. O'MAHONEY. Oh, no.

Mr. VANDENBERG. Because the fact of the matter is that most of the concerns involved would infinitely prefer to be left to their own normal industrial activities; and their acceptance of the enormous war contracts is involving terrific dislocation of the industrial life of the Nation. For instance, in my own State of Michigan and in my own city of Detroit the dislocation as a result of these large contracts is simply terrific in its challenge. Because of that dislocation probably 200,000 unemployed men will be walking the streets of Detroit during the period of transition.

All I am trying to submit is that I should not want the Senator's presentation of the apparently concentrated allocation of contracts to carry the collateral idea that it is a great blessing and a benediction which has been achieved by these groups. On the contrary, it is the acceptance under Government pressure of a terrific public responsibility.

Mr. O'MAHONEY. Mr. President, I could adopt for my own every word the Senator from Michigan has said. I completely agree with him. The figures I cite here are not intended to be in the

slightest degree critical of management, nor do the arguments I make bear any resemblance to any thought of criticism of labor, of its organization, of those who constitute it. I know that labor can be improved. I should like to see labor organization improved. I know that business management can be improved. I should like to see it improved. When the report of the T. N. E. C. was submitted to the Congress, I submitted my personal report in which I made the recommendation that all organizations—labor organizations, farm organizations, and business organizations—which affect the national economy should receive their authority from all the people. But that is another question; it is not the question we are discussing today.

I have no doubt that the managers of all the corporations that have accepted war contracts because war materials have had to be manufactured are cognizant of the fact that before many months have passed Congress will have enacted a new tax bill which will tend to take away a large proportion of any of the profits which have been made.

Mr. BAILEY rose.

Mr. O'MAHONEY. I yield to the Senator from North Carolina.

Mr. BAILEY. Mr. President, I am not quite clear as to just what the Senator has in mind by so emphatically pointing out the billions of dollars' worth of contracts awarded to a relatively few corporations. It has been my impression that the Government acted under necessity.

Mr. O'MAHONEY. If the Senator will allow me to interrupt him, I should like to say that if he had been here when I commenced my remarks he would have realized that I am citing these figures merely in order to illustrate the fact that our economy has changed from an agricultural economy to an industrial economy, and that the Government has no choice except to use these organizations. There is nothing critical about what I have said.

Mr. BAILEY. On that basis I should think we have nothing new, but probably a new emphasis. But, if my memory does not fail me, prior to the war agricultural economy in this country accounted for only \$10,000,000,000 of the annual income, and in round numbers that was one-eighth of the total. The country has been on an industrial basis, therefore, for many years.

Of course, when it comes to the business of manufacturing materials of war—guns, ships, planes, and tractors—every one of us would wish for distribution. I am satisfied that the administration would. Every one of us would like to see such work distributed amongst the smaller industries. But the Government is under the duress of haste and of necessity.

Mr. O'MAHONEY. I agree with the Senator. The Senator is not arguing against anything I have said or controverting anything that I desire to say. I agree with him.

Mr. BAILEY. I may have been controverting nothing the Senator said, but only an impression he made upon my mind.

Mr. O'MAHONEY. That was, I may say to the Senator, because I think the Senator was not present when I started or because I lack the capacity of making myself understood.

Mr. BAILEY. At any rate, it brought to my mind the necessity of pointing out the fact that I do not think anyone will accuse the present administration of undue favoritism for the great corporations and the great industries.

Mr. O'MAHONEY. Certainly I would not do so.

Mr. BAILEY. And I do not think that anyone would now accuse the great corporations of grabbing for contracts.

Mr. O'MAHONEY. I would not.

Mr. BAILEY. The contracts are being thrust upon them.

Mr. O'MAHONEY. I quite agree with the Senator's statement.

Mr. BAILEY. So, then, we are merely dealing with a situation in which war has produced a tremendous emphasis upon industrial production by means of the institutions which are at hand and ready.

Mr. O'MAHONEY. That is correct.

Mr. BAILEY. That is what I wish to have made plain, but I should like to ask the Senator a question regarding his amendment, in which I am very much interested. In subsection (b), on page 2, the amendment demands that in the computation of parity prices the Secretary of Agriculture shall give a weight of 80 in a combined index, and later on that there shall be a weight of 20, a ratio of 4 to 1, with reference to a more recent index of wage rates published in The Monthly Review of Credit and Business Conditions by the Federal Reserve Bank in New York. How did the Senator arrive at his ratio?

Mr. O'MAHONEY. Will the Senator be good enough to allow me to defer that explanation until I have completed the preliminary statement? That, of course, is one of the important questions involved; and the discussion so far has been intended to emphasize the fact that over a period of more than half a century there has been a growing disparity between industry and agriculture, and our economy has changed from agriculture to industry, a condition which is only emphasized by the crisis in which we find ourselves. That was my only purpose in citing these various figures.

Mr. VANDENBERG. And, if the Senator will permit me, the only thing I was trying to say, in response to his statement, was that it does not represent a case of special privilege for the industrial units, but represents the acceptance of a public responsibility thrust upon them.

Mr. O'MAHONEY. I think the Senator is quite correct about that.

Now, may I ask the Senators to look at the chart which is in the rear of the Chamber and which is entitled "Per Capita Income Indexes." The red line represents the per capita income of all the people; the black line represents the per capita income of farm people.

Mr. BAILEY. Mr. President, let me ask the Senator a question on that point. Is the per capita income in terms of money?

Mr. O'MAHONEY. It is in terms of gross income, money and property, as I understand, as computed by the Bureau of Agricultural Economics.

Table 2 is entitled "Net Income of Persons on Farms From Farms." There is, first, a column of "gross income, excluding changes in inventory"; then another column, "value of changes in inventory"; and then "the gross income, including changes in inventory." It is my understanding that the per capita calculation is made on that basis.

Mr. BAILEY. Due regard, I take it, is had for the variation of the value of the dollar.

Mr. O'MAHONEY. I think so; it is done by the Bureau of Agricultural Economics.

Mr. BAILEY. It is not in terms of the value of the dollar. That is what I am trying to get at.

Mr. JOHNSON of Colorado. The value of the dollar is the same in both instances.

Mr. O'MAHONEY. It is absolutely the same in both instances.

The black line represents the per capita income of the farmer, including benefit payments. It will be observed that in 1910-14, which is the base period from which the concept of the Department of Agriculture is constructed, the farm income and the total income is placed at 100. That is for 1910-14. So it is all in reflection of 1910-14. The war came after 1914, and, without any question, agricultural income skyrocketed. It went way up here, and it brought about in 1920 the demand for deflation, which was so clearly explained upon the floor the other day by the Senator from Oklahoma [Mr. THOMAS]. Deflation took place in 1921, and the farm income took a toboggan ride, as I pointed out during the address of the Senator from Oklahoma. The deflation of 1921 was borne practically exclusively by the farmers, because it will be noted how little in comparison the per capita income of all the people was affected; and, of course, the collapse of farm income was represented in that decline by the curve of per capita income of all the people.

Mr. BREWSTER. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield to the Senator from Maine.

Mr. BREWSTER. Would the Senator agree that it would be extremely desirable to keep any such disparity developing as is represented by the lines between 16 and 20 between agriculture and industry on the per capita income of all the people?

Mr. O'MAHONEY. My feeling is—and that is the purpose of my amendment—that we should be careful now in the enactment of this price-control measure to prevent a disparity.

Mr. BREWSTER. In order that we may avoid the collapse afterwards, which has its full impact upon the farmer?

Mr. O'MAHONEY. Exactly. We can do, if we are wise, now. It is not a matter of granting any privilege to the farmer; it is merely a matter of taking time by the forelock and preventing a disaster which is bound to come if we do not act.

Mr. BREWSTER. Would it not, then, follow that we should have one over-all integrated control rather than placing agriculture in an isolated position?

Mr. O'MAHONEY. No. I am aware of the fact that the Senator from Maine yesterday voted against the Bankhead amendment, and I voted for the Bankhead amendment. I can understand the feeling of those who voted against it, because I know the argument for so-called central administration of price control; but the point was that during a period of 8 years the Congress of the United States has been passing laws the purpose of which was to lift agriculture from the low state of depression—subsidy laws, if you please—but their effect only tended to bring the farm income up by reason of subsidies. So those of us who supported the amendment offered by the Senator from Alabama did so in the belief—at least, speaking for myself, it was my belief—that to deprive the Secretary of Agriculture of a vital participation in the fixing of any price for agricultural commodities would be a very dangerous thing; it might undo everything we have tried to do, and might bring about an emphasis on the disparity.

Mr. BANKHEAD and Mr. BROWN addressed the Chair.

Mr. BREWSTER. Mr. President, may I continue for a moment?

Mr. O'MAHONEY. Certainly.

Mr. BREWSTER. Would not the Senator from Wyoming agree that his proposal is a much better way in which to meet this challenge than by the proposal to lift agriculture out of the control of the Administrator? The Senator proposes to lay down a formula and a rule by which we shall accomplish the objective upon which everyone is agreed.

Mr. O'MAHONEY. Naturally, I think my formula is a very good one.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield to the Senator from Alabama.

Mr. BANKHEAD. I think it ought to be perfectly apparent to the Senator from Maine that his question does not touch the situation in any way, nor does his line of thought. The program of the Senator from Wyoming is to raise the permissible prices, and bring about a closer relation between the prices of agriculture and those of industry. The point the Senator from Maine is talking about is one of control in carrying out a program based as this amendment proposes, instead of as based in the bill now.

Mr. O'MAHONEY. I am very glad the Senator has made that statement.

Mr. BROWN and Mr. OVERTON addressed the Chair.

Mr. O'MAHONEY. Before I yield to another Senator, let me say that so far as the Bankhead amendment is concerned it was adopted yesterday, and then a motion to reconsider it was made, and the motion to reconsider was laid on the table; so I hope we may continue with this proposal.

Mr. OVERTON. Mr. President, will the Senator yield?

Mr. O'MAHONEY. If the Senator from Louisiana will pardon me for a moment, I promised to yield to the Senator from Michigan.

Mr. BROWN. Mr. President, I believe the first 7 or 8 years of experience, from 1910 or 1911 to 1918 or 1919, roughly, shows a tremendous rise in farm prices, because the income of the farmer—the black line—is, of course, dependent upon higher farm prices. It is very evident that just what we are trying to prevent by the enactment of this legislation as it was reported was not effectively prevented in the World War period, because of the great increase in farm prices. It seems to me it is quite obvious that the fact that income generally—the red line—went up, say, only two-thirds in round figures as much as farm income went up, well illustrates the result which all of us know occurred, of a tremendous drop in the income of farmers in the period 1919–21, but only a comparatively slight drop of approximately one-third as much in general income. I say, we all know that result occurred, and this chart illustrates the reason for it; that is, that farm prices went up too far in relationship to the general income of people, or, to put it more accurately—

Mr. O'MAHONEY. Mr. President, will the Senator repeat that statement?

Mr. BROWN. That farm income, as a result of higher prices, went up much too rapidly in this period.

Mr. O'MAHONEY. In relation to what?

Mr. BROWN. In relation to the general income of the people.

Mr. O'MAHONEY. Bear that in mind, because I am going to cite it in a moment.

Mr. BROWN. And that, as a result, the drop in farm income, which was a drop in farm prices, went much farther than the drop in general income. It illustrates the fact that if we could have kept these two lines in closer conjunction with each other, so that farm income ran something like this [indicating], it probably would have consequently run a much shorter distance downward than it did in that great period of depression. So if we stick to the 110 percent figure—the figures of the Senator from Wyoming are approximately 121 percent of parity—I believe we will not in 1943 or 1944 have the tremendous deflation in farm income, as a result of a deflation in farm prices, that is illustrated in the 1910–20 period.

Mr. O'MAHONEY. Mr. President, I am grateful to the Senator from Michigan for that statement. Now, if he will turn around and look at this chart [indicating], I will use his argument.

Mr. JOHNSON of Colorado. Mr. President, will the Senator from Wyoming yield to me for a moment before he leaves the chair?

Mr. O'MAHONEY. Certainly.

Mr. JOHNSON of Colorado. It must be borne in mind that everything in the black line is included in the red line.

Mr. O'MAHONEY. Oh, yes; that is quite true.

Mr. JOHNSON of Colorado. And the fluctuation in the red line is brought about primarily by the fluctuation in the black line.

Mr. O'MAHONEY. The decrease of the income of all people from 1921 to 1922 was caused in major degree by the tremendous decline of farm income.

Mr. JOHNSON of Colorado. Likewise, the high point in the red line was caused by the tremendously high point of the other line.

Mr. O'MAHONEY. Yes; the two go together.

Mr. JOHNSON of Colorado. They more than go together. The red line is all-inclusive. The black line is completely included in the red line and influenced by it in its fluctuations.

Mr. O'MAHONEY. That is correct. That is what I meant when I said they go together. The point of this chart, of course, is to show that farm income, except for the period of war, was below the general income of the people. The whole purpose of my amendment, as I said to the Senator from Maine [Mr. BREWSTER], is to prevent a growing disparity, because I want—to use the phrase of the Senator from Michigan—to keep the farm income in some degree of stable ratio to the general income; and so on this chart the red line shows the urban wage rate.

I am talking now to the Senator who reported the pending price-control bill. The bill did not offer to put a ceiling upon wages. The committee in charge of the bill came to the conclusion—and I think rightfully—that it would be a dangerous thing to do to try by an administrative act to put a limit upon the wages that any person may earn; but the committee, having released wages from any ceiling, asks us to make certain that there shall be a ceiling upon farm commodities. I am willing that there shall be a ceiling upon farm commodities. I do not ask the committee to exempt farm commodities from any price ceiling, as wages have been exempted; not at all. I merely say, let us adopt the formula that will bring farm commodities in some sensible and reasonable ratio with the wages that are being paid in industry.

I have pointed out the concentration of industry. I could point out the concentration of income within industry; but those matters are of no importance here, because we are not attempting now to solve the whole economic problem. All I am attempting to do by this amendment is to make certain that agriculture shall not be depressed by being put into a greater disparity with industry.

Here [indicating] the red line shows the urban wages. The dotted line shows the Department of Agriculture parity schedule. The heavy black line shows the wage parity, the emergency parity which is proposed in this amendment.

Mr. LUCAS. Mr. President, will the Senator yield for a question?

Mr. O'MAHONEY. Certainly.

Mr. LUCAS. All the agricultural legislation we have on the statute books at the present time, and have placed there since 1933, has been based upon the 1909–14 parity period.

Mr. O'MAHONEY. That is correct.

Mr. LUCAS. If I understand the report of the Committee on Banking and Currency, which reported this bill, if we take, for instance, the basic industry of corn, in which my State is vitally concerned; 110 percent of parity would make corn sell for \$1.01 per bushel. Under the parity formula proposed by the Senator from Wyoming, what would 110 percent of parity be for corn?

Mr. O'MAHONEY. I think the Senator is mistaken in his figures.

Mr. LUCAS. I may be.

Mr. O'MAHONEY. Let me give the Senator those which have been calculated for me from the records of the Bureau of Agricultural Economics: 110 percent of parity for corn would be \$1.02 a bushel.

Mr. LUCAS. I said \$1.01. I missed it by 1 cent.

Mr. O'MAHONEY. I am very sorry to have to report that under my formula it would be \$1.01. That is probably the only commodity in which there is a drop.

Mr. LUCAS. That is, under the Senator's formula the price of corn would go down?

Mr. O'MAHONEY. It would be a cent less, which is unusual.

Mr. LUCAS. How about wheat? Give us the comparison as to wheat.

Mr. O'MAHONEY. The price of wheat, under the 110 percent of parity, would be \$1.40. Under my formula it would be \$1.46.

Mr. LUCAS. Six cents difference?

Mr. O'MAHONEY. That is correct.

Mr. LUCAS. How about cotton? What would be the difference in the case of cotton?

Mr. O'MAHONEY. The price of cotton under the 110 percent of parity is 19.6 cents. Under my formula, it would be 20 cents.

Mr. LUCAS. Four-tenths of a cent difference?

Mr. O'MAHONEY. Yes.

Mr. CHANDLER. How about tobacco?

Mr. LUCAS. As to the three basic commodities to which we have given special treatment over a period of years, as I understand the Senator's formula, the prices would be practically the same, to all intents and purposes, and it would do very little in the case of the three basic commodities to bring the black line on the chart up to the red line.

Mr. O'MAHONEY. If I were to make the computation for the whole list, the difference would probably be about 10 percent, I should say.

Mr. LUCAS. Where does the great discrepancy come in between the proposed formula and the formula Congress has followed for a period of 7 years, under which the farmers have gotten along pretty well?

Mr. O'MAHONEY. If the Senator will bear with me, I will explain it.

Mr. LUCAS. I should like to have stated the differences in actual cost per bushel or per pound.

Mr. O'MAHONEY. I will put the statement in the RECORD. The Senator from Kentucky inquired about tobacco.

Mr. CHANDLER. Yes.

Mr. O'MAHONEY. Under the 110 percent of parity provision, the price for Burley tobacco is 28 cents. Under my formula it would be 31 cents.

Mr. BROWN. What date is the Senator taking for his figures? Parity varies from month to month.

Mr. O'MAHONEY. These figures are for December.

Mr. BROWN. The figures the Senator gives, and the figures I have for December 15, which were prepared by the Department of Agriculture, greatly differ.

Mr. O'MAHONEY. I was talking about 110 percent.

Mr. BREWSTER. Will the Senator give the figures as to cattle and livestock?

Mr. O'MAHONEY. Yes. As to beef cattle, the price on December 15 was \$9.38 a hundred. Under 110 percent of parity the price would be \$8.25. Under my formula it would be \$9.95.

Mr. ELLENDER. Will the Senator give us the figures as to rice?

Mr. THOMAS of Idaho. How about potatoes?

Mr. O'MAHONEY. As to potatoes, under the 110 percent of parity the price is \$1.11, and under my formula it would be \$1.18.

Mr. THOMAS of Idaho. How about beans?

Mr. O'MAHONEY. Soybeans?

Mr. THOMAS of Idaho. No; white beans.

Mr. O'MAHONEY. The price of dried beans on December 15 was \$4.93. I do not have the computation under the 110 percent of parity, but under my formula it would be \$5.42.

Mr. VANDENBERG. Mr. President, what interests me about the Senator's formula is that, regardless of what the immediate relationship may be between 110 percent of parity—or "wage parity," as the Senator expresses it—and the other formula is that this is the one and only spot which I find in the bill which ties parity to wages.

Mr. O'MAHONEY. The Senator is correct.

Mr. VANDENBERG. And protects against the future.

Mr. O'MAHONEY. The Senator is correct.

Mr. VANDENBERG. To me, the weakness of the bill is the fact that the wage factor is so far beyond control, and if there is any way to relate the balance of price control to wages, I am very much interested in it.

Mr. O'MAHONEY. Mr. President, I think that is exactly what will happen. Further explaining the question which I know is in the mind of the Senator from Illinois, and in the minds of some other Senators, let me point out that the parity concept—which is not generally understood, though everyone here understands it—is simply that the price which a farmer receives for his commodity at any particular time shall be measured by the prices of the things he has to buy, and to construct a formula the Department of Agriculture has taken about 201 commodities, as I recall.

Mr. BONE. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. BONE. Is it the view of the Senator from Wyoming that there is anything in the text of the pending bill which would forbid the Administrator raising farm prices to the point suggested by the Senator's amendment? I do not so understand the bill.

Mr. O'MAHONEY. There is nothing in the bill which would prevent him doing so, but inasmuch as the bill is a price-control bill, and inasmuch as when, in the case of certain oils and fats, the Price Administration exercised the in-

formal authority which it has been using, it reduced the prices below what they were. On the other hand, in all fairness I have to say that with respect to wool the Office of Price Administration did not go back to an unfair price. But here we have two instances of the Office of Price Administration having acted. In the case of wool it acted in a manner which was above criticism. I never even took up my telephone to call Mr. Henderson, or anyone in his office, to criticize the ceiling which was put into effect for wool, because I thought it was fair, but when the ceiling was put into effect for vegetables or vegetable oils, every Senator and every Representative who comes from a district in which those commodities are produced called the Office of Price Administration to register his protest, and the protest was registered effectively upon the floor of the Senate.

Mr. BONE. In the Senator's view, is there anything in the text of the pending bill which would make it impossible or unlawful for the Administrator to raise the level of farm prices to the point suggested by the graphs to which the Senator has been referring?

Mr. O'MAHONEY. Not at all.

Mr. BANKHEAD. He is not given any power to raise the prices.

Mr. BONE. I may be wrong, but there does not seem to be anything in the text of the bill which would make it impossible for the farm population of this country to achieve the levels of income suggested by the Senator from Wyoming.

Mr. O'MAHONEY. The Senator from Michigan, in explaining the bill, made it quite clear that the only purpose of the committee has been to provide a floor and say with respect to agricultural commodities, "You may not fix a price lower than this figure."

Mr. BONE. That is the point I make. Perhaps I am wronging the Senator from Wyoming and other Senators in suggesting this viewpoint, but it seems to me that to some extent this is a moot question.

Mr. O'MAHONEY. Oh, no; no; it is not a moot question at all. I have just demonstrated that in one specific, vital instance, in the case of a commodity which is of most intimate concern to a great body of poor workers in this country, the price was reduced. The Senator from Oklahoma [Mr. THOMAS] demonstrated conclusively upon the floor of the Senate day before yesterday that the cotton operator, the man working with a mule and operating on 10 acres, would be condemned to penury by fixing a price of 110 percent of parity.

Mr. BONE. It seems to me an astounding thing that we would create an office and vest a man in that office with ample power to do justice and then suggest the presumption that the man would be almost sadistic and not do justice. Mr. Henderson has been highly praised on this floor, as has the present Secretary of Agriculture, and it seems to me we have to trust someone.

Mr. O'MAHONEY. Of course, we trust someone, and I trust Leon Henderson. But the difference between what

the Senator from Washington is now saying and what I am saying is merely that the Senator from Washington says, "Let him have complete discretion," while I say, "Let Congress give him a guide." And this is the guide; because if it is adopted it may prevent what may not happen without it, but it will prevent the collapse of agriculture.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. ELLENDER. Will the Senator indicate to us the farm products which may be adversely affected by his formula in contrast with the 110-percent formula?

Mr. O'MAHONEY. Vegetable oils. Soybeans are one.

Mr. ELLENDER. Are there any others?

Mr. O'MAHONEY. May I ask the Senator from Georgia [Mr. RUSSELL] to answer the question? He is more familiar with the subject than am I. What are the commodities which under this formula would be depressed below the prices that were current? I may say that one reason for putting into this amendment the alternative dates October 1, or December 15, whichever is the highest—and that applies to clause 1 and clause 2 of the amendment—is to make certain that in these few isolated cases the wage parity amendment would not operate in a hostile and adverse manner.

Mr. ELLENDER. That would be the only safeguard?

Mr. O'MAHONEY. Yes; that would be the safeguard.

Mr. RUSSELL. The only commodities I know of that would be affected adversely by this formula are the vegetable and animal fats and oils. There is a very low parity price in the case of vegetable oils. All oils are computed on the basis of cottonseed oil. In the 1909-14 period the uses for cottonseed oil had not been developed. In many places cottonseed was still used as a fertilizer, thrown back into the fields, and it had a very low value. The only commodities I know of with respect to which the language "October 1st" would be necessary to protect the producers from very material discrimination are vegetable oils made from soybeans, cottonseed, peanuts, and other such products.

Mr. ELLENDER. My reason for asking the question was that in the case of corn the difference would be 1 cent per bushel. I was wondering whether other commodities would not be likewise affected.

Mr. O'MAHONEY. No; the only commodities which would be affected are the ones to which the Senator from Georgia has referred, and tobacco, through all its grades and classifications.

Mr. RUSSELL. Mr. President, I have not studied the table which the Senator from Wyoming has submitted. I have seen another table which is supposed to have been computed under the formula contained in the Senator's amendment, and it arrives at different figures for some of these commodities.

Mr. O'MAHONEY. Of course, I must rely on my mathematician.

Mr. GILLETTE. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. GILLETTE. I will say to the Senator from Wyoming that in this debate, and in the colloquy which took place a few moments ago, the word "floor" has been used repeatedly, which has caused the opinion to prevail throughout the country, as reflected in our correspondence, that the bill places a floor at a certain figure under agricultural prices. I am sure it must be made clear and should be made clear that it does not put a floor under agricultural prices, but merely fixes a point below which the ceiling price must not be fixed by the Administrator.

Mr. O'MAHONEY. Mr. President, in every statement I have made in which I have used the word "floor" I have tried to couple it with the phrase "below which the Administrator may not go." The operation of the law of supply and demand, the operation of other factors, might very easily drive the prices below the figure mentioned either in the committee bill or as the bill would be if my amendment should be adopted.

Mr. GILLETTE. The term "floor" is the same as the term "ceiling"? It is the point below which the price ceiling cannot be fixed?

Mr. O'MAHONEY. That is correct.

Mr. BROWN. Mr. President, will the Senator yield to me?

Mr. O'MAHONEY. I yield.

Mr. BROWN. The Senator from Washington [Mr. BONE] places his finger on a question which we entirely overlook, and which the chart to which the Senator from Wyoming refers overlooks, with respect to the relationship between wages and agricultural income.

Parity is not the only guide the bill sets up for the Administrator.

First, let me say what the bill does not purport to do, and what the Senator from Wyoming is endeavoring to do. The bill is predicated on the proposition that the Administrator, in fixing prices, will be guided by the division of income from the extractive and the productive industries of the United States as of October 1 to 15 of 1941.

Special treatment is required, not for automobiles or for the products of the cotton mill, but only for raw agricultural products. We have said that with respect to these articles the Administrator cannot operate at all—and I think this is what the Senator from Iowa [Mr. GILLETTE] has in mind—until their prices reach 110 percent of parity. I might add that, in accordance with the amendment which the Senator from Alabama presented in committee, parity is not a fixed figure, and that with every increase of more than 3 percent in the parity price, the Administrator will be required to raise a maximum price already established.

Mr. BANKHEAD. The Senator would recognize, I think, that that is simply in conformity with the principle, and it would require the Administrator to follow parity.

Mr. BROWN. I agree to that readily, and I do not want to be diverted from my main point.

Mr. BANKHEAD. I simply wanted my amendment to be understood.

Mr. BROWN. The point I am trying to make is that in fixing prices the Ad-

ministrator is directed to give due consideration to and be guided by the relationship of wages to agricultural income as of October 1 to 15. But, of course, in fixing farm prices the Administrator is subject to all the limitations contained in the agricultural sections of the bill.

What I want to bring out is that the relationship between all classes of producers on October 1-15, 1941, will affect the Administrator's judgment as to what are proper maximum prices, with the exception of the special provisions made for agricultural commodities. It is not true, therefore, to say that the bill will produce a disparity between farm income and wage income which will be adverse to the farmers. Nor can it be said that there is absolutely no restraint on wages, for we all know that by the very fact of fixing prices some restraint is placed on wages.

In the matter of the relationship between agriculture and other producers in general, to which the Senator's amendment is directed, and to which the amendment which the Senator from Georgia [Mr. RUSSELL] may offer—the so-called Brown amendment, which was adopted on the floor of the House—

Mr. RUSSELL. To keep the record straight, the amendment was reported by the Committee on Banking and Currency.

Mr. BROWN. And adopted on the floor of the House.

Mr. RUSSELL. It was reported in the bill.

Mr. BROWN. I did not mean to say that it was not. It was adopted by the House.

Mr. RUSSELL. It was not a "shotgun" amendment. It was given very careful study and consideration in the Committee on Banking and Currency.

Mr. BROWN. Does the Senator characterize the amendment of the Senator from Alabama [Mr. BANKHEAD] as a "shotgun" amendment?

Mr. RUSSELL. No; I do not.

Mr. BROWN. I give full credit to what the House does. All I say is that the Brown amendment, which the Senator from Georgia will offer, and every other amendment of that character, represent an attempt to readjust conditions to what they were at some time long before the period from October 1 to 15. Perhaps we should make a readjustment at some time. My contention is that now is not the time to do it.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. ELLENDER. The Senator from Michigan [Mr. BROWN] has just stated—and he said the Senator from Wyoming was in agreement with him—that the Senator's formula would mean 121 percent of parity.

Mr. O'MAHONEY. It amounts to 120 or 121 percent.

Mr. ELLENDER. A while ago the Senator indicated that his formula would cause the price of cotton to go up only four-tenths of 1 percent.

Mr. O'MAHONEY. Let me say to the Senator that I did not personally make these calculations. I have before me a chart which I know was made in the very

best of faith by scientists and economists whose business it is to check the figures. I pointed out on the chart what the relationship is. It is slightly above the parity figure of the Department of Agriculture.

Mr. ELLENDER. Evidently the figures are incorrect, because if a level of 110 percent of parity would cause cotton to go to 19 cents plus, and a level of 121 percent would make a difference of only four-tenths of 1 percent, there must be something wrong with the figures.

Mr. O'MAHONEY. The averages will correct that situation. One commodity is below and another commodity is above. We cannot devise a formula which is absolutely accurate with relation to every subject. That is why we have put into the amendment the alternative clause fixing the date, so as to preserve the basis of commodities which are not covered by the bill.

Mr. ELLENDER. But the parity figure is the same, is it not? Today cotton is selling at 17 cents plus.

Mr. O'MAHONEY. Parity has nothing to do with it when we use the date of October 1.

Mr. ELLENDER. I understand about the October 1 date; but I am talking about the parity figure. The Senator indicates that his formula would mean 121 percent of parity.

Mr. O'MAHONEY. That is correct.

Mr. ELLENDER. As I understand, the pending bill provides for 110 percent. The Senator's amendment would make the level 121 percent of parity.

Mr. O'MAHONEY. That is correct.

Answering what I believe to be in the minds of several Senators, I wish to describe what has impressed me with respect to the alteration in the conditions in which we find ourselves as compared with the conditions which existed at the time the original parity schedule was constructed. As I was saying, the theory is that the prices of farm commodities shall be kept in definite relationship to those of certain commodities which the farmer needs and buys. Parity is a ratio. It is not a fixed figure. It is a variable figure, and it varies in accordance with the prices which are paid for certain commodities. But today we are entering upon a period which is utterly different from any previous period in the history of this country.

Earlier in the week the President of the United States stood before the joint session of Congress and asked us to make the appropriations necessary to devote one-half of the national income to the manufacture of things which are to be destroyed. The materials which are to be made are not the materials which the farmer buys for his farm. We are now concentrating industrial production in order to make bombs, airplanes, tanks, guns, ammunition, submarines, and battleships to the extent of \$56,000,000,000. The manufacture of those things will increase the disparity between agriculture and industry. Therefore, since the urban wage rate is already rising almost vertically, and has been so rising since the beginning of the war effort, if we are to preserve any relationship between the economic position of one-fourth of the

people of the United States and those whose wages and salaries are to be derived from the activities of the urban communities, we must do something of this kind.

As the chart clearly shows, this is a modest proposal. The so-called parity committee of various farm organizations studied this subject and this formula was devised. At that time it was proposed to give a weight of 30 percent to urban wage rates; but in order that this might not be out of reason, or at least in order that nobody could properly make the charge that it is out of reason, I changed it. I reduced it from 30 percent to 20 percent. I took only two-thirds of what was recommended by the farm organizations. The proposed wage parity, the black line on the chart, is slightly above the line of parity as negotiated by the Department of Agriculture.

Mr. President, it seems to me perfectly clear that if there is not some tie between the farmer and his income and the income of the industrial and city worker, then, indeed, the position of agriculture will become progressively worse as this crisis proceeds. All we are asking is that these two great segments of our population shall be maintained in a certain ratio, the ratio created by the circumstances themselves.

Of course, it is true that unless there is some kind of price control the cost of the war to the Government will be much greater than it would be without price control. I am ready to accept the statement of the Senator from Michigan [Mr. BROWN], speaking for the Banking and Currency Committee, that without price control the cost of the war program would be \$13,000,000,000, or even \$15,000,000,000, more than if price control were put into effect.

But, Mr. President, do not forget that if in this emergency we permit the destruction of great segments of our economy we shall be dealing with catastrophe and not with reconstruction. The other day a necessary order was issued by the O. P. M. to stop the manufacture of motorcars. There is not a Member of Congress or an economist in the Government who does not know that our modern economy is geared to the road. There is no person in Government, in Congress or out of Congress, who does not know that in every community of this land the motorcar dealer is an essential factor, and that he may be utterly destroyed by this order.

Oh, Mr. President, I regard as a great compliment to the patriotism of the people of this country the fact that they have accepted the orders which have come forth from the O. P. M., the S. P. A. B., and the O. P. A. Certainly the people want to cooperate. They want to work to win the war. They are willing to endure the necessary sacrifices and are willing to do so without a law to support the Office of Price Administration. The American people have said, "Certainly we will go along." All I am asking is that we tie the farm to urban wage rates.

In order that it may be understood that the amendment is not an unreasonable proposal, let me state how the figure is constructed. Wage parity is not an in-

vention of the farm bloc. This figure was determined by the Federal Reserve Bank of New York, and is a scientific computation of wage rates. Wage rates in manufacturing industries are given a weight of 38; railway wage rates are given a weight of 9; clerical wage rates are given a weight of 10; the wage rates of teachers are given a weight of 6; building wage rates—and they cover only the actual labor costs—are given a weight of 6; roadbuilding wage rates are given a weight of 3; retail-trade wage rates are given a weight of 14; bituminous coal mining wage rates are given a weight of 2; telephone and telegraph wage rates are given a weight of 3; power and light wage rates are given a weight of 2; hotel wage rates are given a weight of 1; laundry wage rates are given a weight of 1; and then there was inserted a weight of 5 for farm wages. All the weights added together make 100. The formula then is reconstructed upon the basis of 1910 to 1914. So, again, it is cut down; and we have here only an effort to keep some degree of relationship between farm and city incomes. If we do not do so, when we consider the fact that agriculture has been progressively declining for 50 years; that today it receives only a little over 7 percent or perhaps 8 percent of the national income; that, as I have already pointed out, two-thirds of all the farms in the country have a total annual income of less than \$1,000, who can say that in a price-control bill which avoids placing any limit upon the cost of labor, which enters into the cost of every commodity the Government, the farmer, and all consumers buy, the prices of farm commodities should not be tied to the wages of labor?

Mr. President, my feeling about the matter is that by the adoption of the amendment we shall prevent the destruction of agriculture; we shall maintain or tend to maintain a sound relationship which will prevent disasters following this war such as followed the last war. By adopting the amendment we will reach the end of preserving the economic status of almost one-fourth of the people who live upon farms in this country.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. LUCAS. I desire to ask the Senator a question regarding wages. As I understand him, the Senator says that the parity amendment so ties in with the wage income of the Nation that the income the farmer receives and the income the wage earner receives will be on a parity. Is that correct?

Mr. O'MAHONEY. Oh, no; they will not be on a parity, because we give farm wages a weight of only one-fifth, 20 percent.

Mr. LUCAS. They would be very near parity?

Mr. O'MAHONEY. No; they would maintain a relation. Of course it depends upon what the Senator means by parity. We see how the two lines on the chart move together. They are far apart, but they move together. But the red line on the chart does not move with the black line.

Mr. LUCAS. Would the parity amendment bring the purchasing power of the farmer's dollar in any closer relationship to the purchasing power of the dollar of industry? Let me put the question in that way.

Mr. O'MAHONEY. Yes; I think it would.

Mr. LUCAS. As I understand the theory of the Senator's amendment, it is that farm prices are bound to increase under the amendment. Is that correct?

Mr. O'MAHONEY. Not at all. They are not bound to increase. But I say that under the amendment the Office of Price Administration cannot depress them below the level provided by the bill. The amendment is not an order to increase prices. It will not result in an increase of prices, and prices will not increase unless the purchasing power of the urban population—a power which we have not controlled—brings about such a result.

Mr. LUCAS. Let me ask the Senator another question—and I beg his pardon for seeming so uninformed regarding his amendment. From the standpoint of parity, would the amendment bring about a result different from that which would be brought about by the bill, other than an attempt to give the farmer a greater income?

Mr. O'MAHONEY. No; of course, the amendment does not attempt to give the farmer greater income.

Mr. LUCAS. How would it help him if it would not give him greater income? That is what I desire to know.

Mr. O'MAHONEY. I shall show the Senator. The whole argument for price control is that with more money going into circulation as a result of the war program, with more wages being paid in industry and in the railroads, the purchasing power of the masses will be increased; and, as their purchasing power increases, prices automatically will increase unless we do one of two things: First, by law or order, keep prices down; or, second—and we hope we may not have to come to this, although we have come to it in the case of tires—inaugurate a system of rationing under which it will be said, "No matter how much money you have, this is all you can get of this particular commodity."

My amendment does not say to the Secretary of Agriculture or to Mr. Henderson, "You must raise prices." Not at all. It merely says, "If the purchasing power of the worker is increased"—as it is being increased—"you shall not put a ceiling upon farm prices until the farm producer has had a small benefit from the increase you are giving the urban worker."

Mr. OVERTON. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. DAN- AHER in the chair). Does the Senator from Wyoming yield to the Senator from Louisiana?

Mr. O'MAHONEY. I yield.

Mr. OVERTON. I should like to address a question to the Senator, a question which has nothing to do with the merits of this amendment, but, rather, the effect of the amendment. Yesterday the Senate agreed to the Bankhead

amendment, and the Bankhead amendment is subsection (f) of the provision of the bill relating to agricultural commodities. Therefore, the Bankhead amendment is part of the bill relating to agricultural commodities. The amendment proposed by the Senator from Wyoming provides that, on page 29, after line 4, there be stricken out all of section 3 relating to agricultural commodities, and that there be inserted in lieu thereof a new section 3. Therefore, it may be interpreted that the amendment would be an entire substitute for all of section 3, and that the Bankhead amendment would go out.

Mr. O'MAHONEY. No, Mr. President. I am glad the Senator called my attention to the point. Of course the amendment was drawn up on the basis of the bill as it was reported by the committee.

Mr. OVERTON. Yes.

Mr. O'MAHONEY. The bill did not then contain paragraph (f). Therefore, I now change the record so that the amendment is offered as a substitute for subsections (a), (b), (c), (d), and (e) of section 3, thereby leaving subsection (f) in the bill.

Mr. OVERTON. If I may suggest a shorter cut to the same end, the Senator may modify his amendment by saying: "On page 29, after line 4, strike out all of section 3 down to and including line 13 on page 30."

Mr. O'MAHONEY. That, of course, is exactly what I was saying, but in a different way.

Mr. OVERTON. Yes; I was taking the short cut.

Mr. O'MAHONEY. It will be understood that that is what I am attempting to do.

The Senator from Colorado [Mr. JOHNSON] rose to ask a question, and I now yield to him.

Mr. JOHNSON of Colorado. Mr. President, I wanted to make an observation to see if I have the correct interpretation. As I understand the Senator's amendment, it provides a new formula for arriving at parity, and that is all it does do?

Mr. O'MAHONEY. That is correct.

Mr. JOHNSON of Colorado. On a basis of equity I have not heard anyone object to the formula which the Senator from Wyoming advances.

Mr. O'MAHONEY. That may be due to the fact that I have kept the floor so long.

Mr. JOHNSON of Colorado. On the basis of equity, the criticism does not seem to get to the heart of the matter.

Mr. O'MAHONEY. I quite agree with the Senator. I do not think there is any criticism.

Mr. GUFFEY. Mr. President, I should like to ask the Senator from Wyoming a question or two.

Mr. O'MAHONEY. I yield to the Senator from Pennsylvania.

Mr. GUFFEY. I should like to vote for this amendment, if I can do so. To what point does this amendment raise the parity price? I have heard that it raises it from 110 to 121, and as high as 135. Can the Senator inform me as to that?

Mr. O'MAHONEY. The chart will show that the adoption of the amendment would mean about 120 percent of parity.

Mr. GUFFEY. Instead of 110 percent?

Mr. O'MAHONEY. Yes; instead of 110 percent.

Mr. GUFFEY. Does the Senator think that will satisfy the farm bloc?

Mr. O'MAHONEY. One never can tell. The farm bloc, may I say to the Senator, has been fighting for the depressed farmers of Pennsylvania and Wyoming for many years.

Mr. GUFFEY. So have I.

Let me inquire further if this amendment has the approval of the new commander in chief, Mr. O'Neal, president of the Farm Bureau Federation?

Mr. O'MAHONEY. I have not talked with Mr. O'Neal about this formula, so I cannot answer for him.

Mr. LUCAS. Mr. President, is there any farm organization, I will ask the Senator, back of this amendment?

Mr. O'MAHONEY. Oh, yes; it has been endorsed by the Grange; it was endorsed by the milk cooperatives, and it was endorsed by the American National Livestock Association.

Mr. LUCAS. Was the amendment considered in the committee?

Mr. O'MAHONEY. No; but a variation of it, on the basis of 70-30 instead of 80-20, was presented to the committee by Mr. HOLMAN.

Mr. LUCAS. In answer to a question of the Senator from Pennsylvania a moment ago, I understood the Senator from Wyoming to say that the amendment would increase parity only 10 percent, from 110 percent to 120 percent, or an increase of 10 percent.

Mr. O'MAHONEY. That is correct.

Mr. LUCAS. It was said a few moments ago that the amendment would increase parity upon all farm products some 25 percent, and I wondered where that figure was obtained.

Mr. O'MAHONEY. I do not know. As I said a moment ago, in response to some other Senator, I am only showing the figures which were presented to me, and I have every reason to rely upon their accuracy.

Mr. LUCAS. Have any figures been submitted by Mr. Henderson, the Price Administrator, as to what this formula would do?

Mr. O'MAHONEY. He did not submit them to me. I may say that last night, and again this morning, I talked with persons in Mr. Henderson's organization; I described to them the formula, and told them how it would work, just as I have tried to explain it to the Senate this morning. Acting upon my description, they may have compiled tables. Perhaps I inadequately explained the formula on the telephone to the gentlemen. I do not know.

Mr. LUCAS. I should like to ask one further question. The 10-percent increase on general farm commodities over the 110 percent of parity as written in the bill at the present time applies primarily to what commodities? I have heard the Senator discuss wheat and corn.

Mr. O'MAHONEY. This applies to all agricultural commodities, just as the bill reported by the committee does.

Mr. LUCAS. I appreciate that, but who is going to get the real benefit of the 10 percent? That is what I am interested in.

Mr. O'MAHONEY. I have said to the Senator half a dozen times that this amendment would not increase any commodity price. It merely provides that there shall be a limitation upon the power of the Administrator to fix a ceiling.

Mr. LUCAS. I appreciate that; and so does the 110-percent-parity provision that is written in the bill at the present time.

Mr. O'MAHONEY. That is correct; the two are exactly the same in that respect. The Senator will pardon me if I interrupt him, because I want to make it clear that this is not a proposal to increase prices; it is only a proposal to say, in effect, to the Office of Price Administration, "You shall not interfere with the effect upon farm prices of the unlimited wage scale, which the committee has not cut, until the farmer gets a small percentage of the increase which the urban worker is getting without any interference.

Mr. LUCAS. I do not disagree with the Senator; but that is also the theory of the bill.

Mr. O'MAHONEY. I know the Senator does not disagree. My vigorous manner is not at all intended to indicate a critical attitude. It is merely an effort to make the matter plain. I understand the Senator is always seeking information, and I am doing the best I can.

Mr. LUCAS. I am seeking information. I am trying to find the real reason for this kind of formula for parity. I have been in Congress for the last 7 years and have been a member of the Agricultural Committee of the House and the Agricultural Committee of the Senate of the United States. So I have been pretty close to the parity formula which is operating at the present time, and I have seen a successful agriculture developed on the parity we have at the present time. I cannot understand why we want at this crucial time to upset a parity formula which has been in existence for a period of 7 years and which has, in my opinion, the endorsement of some of the best agricultural minds of the Nation.

Mr. O'MAHONEY. The reason is very simple, and I will repeat it.

Mr. LUCAS. Will the Senator let me finish before he proceeds?

Mr. O'MAHONEY. Certainly.

Mr. LUCAS. That is why I am so interested in this formula. I do not want runaway prices; I want to see the farmer obtain everything he is entitled to. I voted against the Bankhead amendment yesterday, and, in doing so, in my opinion, I acted in the interest of the American farmer, notwithstanding plenty of pressure to the contrary from those who wanted me to vote the other way. I have a different view than that entertained by a number of Senators who are interested in the farm program in its relation to the pending price-control bill.

I can see, Mr. President, something coming in the future that will be far more

difficult for the farmer to meet and the country to meet, if we are not careful with the type and kind of legislation we may enact in this price-control bill, than a new parity formula, and that is inflation. I did not make any speech on the floor yesterday on the Bankhead amendment, and it would not have made any difference if I had; I could make it now and I could convince just as many Senators today as I could have convinced yesterday if I had made a speech on the subject; but in the division of authority I can see chaos, I can see confusion, and I can see something in the division of authority which, in my humble opinion, is going to break down the price-control bill of its own weight before we finish with it. In other words, I had rather have Leon Henderson make a mistake in fixing a price on fats and oils, and then correct it later, than to have Wickard and Henderson working for from 30 to 60 days, with this pressure group on the one hand and another pressure group on the other hand, each trying to convince the Administrator and the Secretary that they are right, and, during that period of from 30 to 60 days, let speculators and manipulators skyrocket the price of the particular commodity involved. That is the thing in which I am interested; and as a result of the Bankhead amendment the American farmer, in the final analysis, is the man who is going to suffer as a result of the dual control and the dual authority. I am just expressing my humble opinion about it. I say it is an opinion of mine, and I confess that it does not amount to very much.

Mr. O'MAHONEY. The Senator's opinions always amount to a great deal. I am always delighted to have them.

Mr. LUCAS. I thank the Senator; but I say to the Senator from Wyoming that if this amendment is adopted, and a change is made in the factors upon which parity is based at the present time, the American farmer will again suffer when the war is over. I do not want the American farmer to do what was done, according to that chart, in the last war. I know what wheat was selling for out in my part of the country during the last war. I know what it sold for on farms in my community. It reached the high price of \$3 per bushel. Yet there are some Senators who would not put any ceiling upon corn, or wheat, or any other basic commodity, and who would let the same condition arise that arose in the last war; and what happened, Mr. President?

Mr. O'MAHONEY. Does the Senator believe that a dollar and a half a bushel is too much for the wheat of Illinois?

Mr. LUCAS. I cannot tell the Senator. The dollar and a half may not be too much, or it may be. It will depend upon what the Price Administrator says, and upon the factors and conditions that are in existence at that time.

Mr. O'MAHONEY. All my amendment would do would be to say that the price shall not be lower than a certain figure.

Mr. LUCAS. All I am saying to the Senator is that we have fought for years for a parity price, and on some things we have received it, but on the great

majority of them we have not; and now we go ahead with 110 percent of parity, under this formula, and say that that will take care of the matter. Then we come along with the Senator's formula, and say we are going to increase it to 120 percent; and when the bill gets into the House it may be increased, under another formula, to 130 percent. The point I am making is that the American farmer, in the last analysis, is going to be the one who will suffer, in my humble opinion. I am trying to look at the matter over a long period of time, and not just for the moment; not just to make some farmer out in the State of Illinois believe that he is going to get a whale of a price for his product at the present time, and then in about 5 years from now, as a result of what will happen, that same farmer will meet the condition that so many met back in 1932; and I saw it, Mr. President. I saw what happened to the man who had 160 acres of land, who got \$3 for his wheat and \$1.75 for his corn. He had that 160 acres free and clear of all liens. He mortgaged that 160 acres in order to buy another 160 acres by the side of him, in order to have 320 acres; and when the crash came, every one knows what happened to the American farmer. If we are not mighty careful in connection with the type and kind of legislation that we write on the floor, we shall have duplication of effort, confusion, and chaos as a result of failure to have a centralized control, the very thing that every single man here in the Senate has been condemning the present administration for not having in the O. P. M. The dual control between Knudson and Hillman and a few others has been condemned. I have heard it said time and time again, "For God's sake, put that authority into the hands of one man"; but it has never been done.

Mr. O'MAHONEY. Mr. President, the Senator is not talking to me now.

Mr. LUCAS. Very well; but we are doing the same thing under this bill.

Mr. O'MAHONEY. Let us get the record clear.

Mr. LUCAS. I will speak in my own time if the Senator prefers.

Mr. O'MAHONEY. Oh, no; I am not interrupting the Senator. I am merely saying that what he is saying has nothing to do with the argument I am making.

Mr. LUCAS. I say it has everything to do with the argument the Senator is making.

Mr. O'MAHONEY. This is no question of dual control. That matter was settled yesterday, and a motion to reconsider the amendment providing for it was laid on the table.

Mr. LUCAS. Yes; I understand all of that.

Mr. O'MAHONEY. We are talking about wage parity.

Mr. LUCAS. Mr. President, it has something to do with the Senator's amendment, because I am interested, as I was yesterday, in the years to come for the American farmer, as well as the immediate interest, of course; and I am attempting to look at this thing on the broad range over a long period of time.

It is fine to tell the American farmer now that we are going to do all these

things for him in the way of spiraling his prices, giving him 120 percent of parity, as the Senator wants to do, and so forth; but, in the final analysis, that very thing will come home to roost, and it will come in the back yard of the American farmer if we do not systematically and courageously do something in the way of controlling these prices.

Mr. AIKEN and Mr. GILLETTE addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Wyoming yield; and if so, to whom?

Mr. O'MAHONEY. Before I yield to any other Senator, let me say that it seems to me the argument of the Senator from Illinois, so far as it deals with this amendment, utterly overlooks the fact that we have before us a bill which does not place any limitation whatever upon the most important factor in the cost of all the commodities the consumer buys and in the cost of all the commodities which the Government must buy for the prosecution of the war; and the purpose of this amendment is to tie commodity prices for the farmer to the spiraling prices of urban wage rates, about which the Committee on Banking and Currency has done nothing.

It is of no importance in this connection to talk about Mr. Knudsen, to talk about divided control in the O. P. M., or to talk about the amendment which was adopted by the Senate yesterday. Those are matters which are altogether irrelevant. The only question here is, Do we want to adopt a formula to fix parity which takes into consideration the fact that the condition in 1941, when we are devoting \$56,000,000,000 of our national income to the manufacture of things to be destroyed, is utterly different from the condition which resulted in the creation of the formula which worked during the 7 years of which the Senator from Illinois speaks? That was a parity arrangement, too, to be sure; but it was never a parity arrangement that gave any real equality to the farmer, because it was dependent upon the payment of over a billion dollars a year in farm benefits.

Mr. AIKEN. Mr. President—

Mr. O'MAHONEY. I yield to the Senator from Vermont.

Mr. AIKEN. There seems to be a general idea, not only among Senators but among the public as well, that the farmers are pretty well off, because they are receiving something over 90 percent of parity for their produce at the present time. I do not know just what the figure is.

Mr. O'MAHONEY. Let me interrupt the Senator to say that I am sure it is not a general idea among Senators. Senators know it is not so.

Mr. AIKEN. Among some Senators it is the general idea that the farmer is well off today. It is true that statistically the farmer probably is receiving nearly 100 percent of parity today, or between 90 and 100 percent of parity; but he is receiving that percentage because such a large percentage of his purchases is made from other groups of farmers.

The farmer of the Northeast buys tremendous quantities of cottonseed meal and grains from the West, and other

things that other farmers produce, and he has been buying those things for considerably less than parity prices; but I desire to say to the Senator from Illinois [Mr. LUCAS] that his manufacturers of farm machinery and manufacturers of other industrial goods throughout the country have for a long time been charging the farmers of America, not 90 percent of parity or 100 percent of parity but almost 200 percent of parity for the industrial goods they have sold to American agriculture. I think the farm-machinery figure is 186 percent of parity. It is only because the farmers purchase such a large percentage of the things they use from other groups of farmers who have produced them for less than cost that it appears that the farmers are obtaining nearly 100 percent of parity for what they produce today that they are that well off. They are that well off at the expense of other groups of farmers, and not at the expense of the industrialists of the country, who have been charging them from 150 to 200 percent of parity for their manufactured goods.

Mr. O'MAHONEY. I thank the Senator from Vermont.

Mr. GILLETTE. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield to the Senator from Iowa.

Mr. GILLETTE. Let me say to the Senator that I have been somewhat confused, which of course, is no fault of the Senator from Wyoming.

Mr. O'MAHONEY. I am sure it could not be the fault of the Senator from Iowa. I have known him too long, I have known his keen mind too well, to believe it could be his fault. I dread what he is about to say.

Mr. GILLETTE. With that compliment, I am almost constrained not to ask the question. [Laughter.] But I shall proceed. I was confused by the use of the Senator's chart outlining the relationship of incomes, then referring to his new formula, which suggests that a weight of 80 percent be given to the formula now used in computing parity price, and 20 percent given to the wage formula. As the Senator knows, the Department of Agriculture now uses two formulas, one a parity-price formula, and another an entirely different formula for parity income, to which the Senator refers in his chart. With the use of the new formula, as the Senator has developed it, giving 80 percent to the parity-price formula and 20 percent to the wage formula, with no reference to the parity income formula, was it his intention, in determining the relationship, to eliminate definitely net income?

Mr. O'MAHONEY. I used net income merely as an illustration of the position of agriculture. What we are dealing with here is the parity index. The parity index, constructed and used by the Department of Agriculture, gives a weight of 37.3 percent to commodities purchased by farmers for production; a weight of 48.7 percent to commodities purchased by farmers for family living; a weight of 7.2 percent to interest paid by the farmers, and a weight of 6.8 percent to taxes paid by the farmers. The sum of those four figures is 100.

In order to bring in as a factor the urban wage rate, we take the index which was devised by the Federal Reserve Bank of New York, and we give it a weight of 20 in the new summation. That means, of course, that the other weights have to be reduced, each by one-fifth. So that in my formula the constituent factors are as follows:

Commodities purchased by farmers for production	29.8
Commodities purchased by farmers for family living	39.0
Interest paid by farmers	5.8
Taxes paid by farmers	5.4
Wages of urban workers	20.0
Total	100.0

The total is 100.

Mr. GILLETTE. If I may take a little more of the Senator's time to refer to the cause of my confusion, the present law provides that in determining parity as to price—that is, the price per unit of agricultural products—the Secretary shall take into consideration "the purchasing power with respect to articles that farmers buy equivalent to the purchasing power of such commodity in the base period." But "parity, as applied to income, shall be that per capita net income of individuals on farms from farming operations that bears to the per capita net income of individuals not on farms," and so forth. There are two separate formulas, and in the Senator's amendment he requires the weight of 80 percent to be given to the price formula, and 20 percent to the wage formula, with no reference to the relationship of net income.

Mr. O'MAHONEY. The index is the only thing with which we are dealing.

Mr. BROWN. Will the Senator from Wyoming yield on that point?

Mr. O'MAHONEY. In just a moment. I am about to conclude, and in order to make it clear that the alternative in my amendment is between the provisions of clause 1 and clause 2, I modify my amendment on page 2, line 2, by inserting after the word "whichever" the phrase "under clause 1 or 2."

Now I yield to the Senator from Michigan.

Mr. BROWN. I wish to have the attention of the Senator from Iowa. Several Senators who have talked with me since the Senator from Wyoming raised the question of the weights given in fixing parity—the Senator from Ohio called my attention to it, and it has been in my own mind—have indicated that parity is based on the prices of commodities. The Senator from Wyoming says no weight is given to wages. There is no weight given to wages for a very obvious reason. The reason is well illustrated by the extraordinary run-up of the red line on the Senator's chart.

Mr. O'MAHONEY. Is the Senator about to tell us why the Committee on Banking and Currency decided that nothing should be done under the Price Control Administration to prevent that line from running off the chart?

Mr. BROWN. I shall explain why the Senator's use of the line is utterly unfair and illogical, and is not properly comparative at all with the other lines he

has on his chart. I shall also show that the wage factor is in the Department calculations in the same way that it is in the calculation of farm prices.

First, I wish to refer briefly to the chart. The Senator compares the prices of commodities, which are shown in the lower two black lines, with wage rates. A wage rate indicates how much a man is getting an hour, but it does not indicate what his income is over the period of a year. To be fair, if we are to compare the income of the farmer with the income of the industrial worker we should not compare the rate of wages; we have to compare the annual income of the wage earner with that of the farmer.

As every Senator well knows, there have been from six to eleven million people unemployed in the last 10 years.

Mr. O'MAHONEY. I must interrupt the Senator to say that what he has said does not accord with my understanding of the manner in which the Federal Reserve Bank made its calculation.

Mr. BROWN. It included urban wage rates.

Mr. O'MAHONEY. That may be, but the index as published by the Federal Reserve Bank of New York takes into consideration not only hourly, but weekly, monthly, and annual rates.

Mr. BROWN. I think the Senator is wrong about that. I am reliably informed by competent statisticians that the Senator's chart relates to wage rates. We cannot compare wage rates with the prices of commodities. How are we to compare those two things? We should compare the bushel of corn which the farmer produces with the automobile, or the refrigerator, or any other manufactured product which the laborer produces, and reflected in the value of that commodity is the wage factor which is taken into consideration.

Mr. TYDINGS. Mr. President—

Mr. BROWN. Let me put something into the RECORD, and then I shall yield. Does the Senator from Wyoming desire to keep the floor?

Mr. O'MAHONEY. The Senator from Michigan was not asking me a question, so I yielded the floor.

Mr. BROWN. I have before me a table showing the factors which are used by the Government organization which establishes parity, which shows the weight given to each factor. In all that list of manufactured articles the same weight is given to the wage factor in the price of the commodity as is given to farm labor in the price of the commodity which the farmer produces. So I say that the comparison the Senator makes between urban wage rates and the prices of commodities is an illogical comparison.

Does the Senator from Maryland desire that I yield to him now?

Mr. TYDINGS. I desired to ask the Senator a question. Regardless of the merits or demerits of the proposal of the Senator from Wyoming, as I listen to the argument it appears to me that the prices of agricultural products will be raised if the amendment shall be adopted. I think we all agree on that.

Mr. O'MAHONEY. The adoption of the amendment would not mean an automatic increase of prices.

Mr. TYDINGS. I did not say it would.

Mr. O'MAHONEY. I said "automatic." The Senator did not use that word. The Senator stated that it meant an increase of price. It does not necessarily mean that. It merely means that the operation of the proposed law, clothing the Price Administrator with the power to fix ceilings, shall not become effective below a certain figure.

Mr. TYDINGS. That is correct. That means in effect that prices will be 10 percent higher than parity.

Mr. O'MAHONEY. But it is quite possible, the Senator will agree, I am sure, that the prices of farm commodities might even go down.

Mr. TYDINGS. I wanted to ask the Senator from Michigan if the administration of the measure is carried out in line with the amendment of the Senator from Wyoming, will it not result in two things: First, an actual reduction in the wage rate, because obviously what the Senator has just said is true, that it is not how much one makes, but what one can buy with it that determines the income?

Mr. BROWN. Yes; the relationship between the two.

Mr. TYDINGS. So, therefore, if it costs the wage earner more to buy what he needs, that is equivalent to a reduction in wages. As wages are reduced, the second proposition is that we cut down the purchasing power of the wage earner to buy the things the farmer produces. So that in an attempt to raise agricultural prices by the adoption of the amendment, a reduction in wages would be effected, at least when it came to buying the things the wage earner had to have.

Mr. BROWN. The Senator has in mind real wages?

Mr. TYDINGS. Yes. The initial result, however, is a reduction in wages. Does the Senator agree?

Mr. BROWN. I think the Senator is correct.

Mr. GILLETTE. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. GILLETTE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Gillette	O'Mahoney
Austin	Glass	Overton
Bailey	Green	Pepper
Ball	Guffey	Radcliffe
Bankhead	Gurney	Reed
Barkley	Hayden	Reynolds
Bilbo	Herring	Rosier
Bone	Hill	Russell
Brewster	Holman	Schwartz
Brooks	Hughes	Shipstead
Brown	Johnson, Colo.	Smathers
Bulow	Kilgore	Spencer
Bunker	La Follette	Stewart
Burton	Langer	Taft
Butler	Lee	Thomas, Idaho
Byrd	Lodge	Thomas, Okla.
Capper	Lucas	Thomas, Utah
Caraway	McCarran	Tobey
Chandler	McFarland	Truman
Chavez	McKellar	Tunnell
Clark, Idaho	McNary	Tydings
Clark, Mo.	Maloney	Vandenberg
Connally	Maybank	Van Nuys
Danaher	Mead	Wagner
Davis	Millikin	Wallgren
Downey	Murdock	Walsh
Doxey	Murray	White
Ellender	Norris	Wiley
George	Nye	Willis
Gerry	O'Daniel	

The PRESIDING OFFICER (Mr. SMATHERS in the chair). Eighty-nine Senators have answered to their names. A quorum is present.

Mr. BROWN. Mr. President, I desire very briefly to refer to the charts which the Senator from Wyoming [Mr. O'MAHONEY] used in his argument today. I shall not go over the matter which I covered in any detail, but I call attention briefly to the matter which I showed from the Senator's chart.

The value of farm products and income of the farmer went up very rapidly during the period from 1910 to 1920, and then fell away very rapidly. It is the tremendous drop which we suffered immediately after the spiraling of prices during the World War that we desire to avoid.

I call attention to another chart, showing the ratio of farm income to general income, which is the same relationship as that shown on the chart which the Senator from Wyoming used. It shows that during the period from 1910 to 1915 the relation between farm income per capita and nonfarm income per capita—that is, the income of farmers as distinguished from that of all other classes—was approximately the same. Then we had a tremendous rise of farm income over general income until approximately 1919, and then a tremendous collapse down to 1921, which corresponds with the figures shown by the Senator from Wyoming.

We then had a rise to the 1925-26 period, which, as is well known, in much of our legislation has been adopted as a reasonably good year. The year 1926 and the years 1910 to 1915 are very much the same.

Then we had a collapse until 1932, when we reached approximately the level of 1921. It is clear that this line shows the relationship of farm income to average income of all persons.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. O'MAHONEY. As I understand the chart, the horizontal line, which represents 100, shows the ratio which existed in the period from 1910 to 1914 between farm per capita income and nonfarm per capita income.

Mr. BROWN. The Senator does not have the illustration in mind. This line [indicating] is 100.

Mr. O'MAHONEY. One hundred on what basis?

Mr. BROWN. I shall explain that to the Senator if he will permit me to do so. The black line represents the rises and falls in percentage of the farmer's income as compared with the income of all other persons—much the same as if we took the Senator's chart and drew a straight line across it.

Mr. O'MAHONEY. As I read the chart, it shows income parity from 1910 to 1941.

Mr. BROWN. Yes.

Mr. O'MAHONEY. Then, on each side above the vertical line, it says "index 1910-14," does it not?

Mr. BROWN. That is parity. That refers to the parity period, from 1910 to 1914. That is the ideal relationship.

Mr. O'MAHONEY. What is 100?

Mr. BROWN. The straight line across the chart, which, of course, would vary up and down if it were to attempt to show all incomes. However, this chart shows the rises of farm income in percentage above, and the falls in percentage below, the general income.

Mr. O'MAHONEY. There is an absolutely horizontal line running from 1910 to 1945. Is that supposed to represent the per capita nonfarm income?

Mr. BROWN. It represents all income. The chart shows the rise and fall of farm income.

Mr. O'MAHONEY. The chart purports to show the per capita nonfarm income. Is that what is meant by 100?

Mr. BROWN. Let me tell the Senator what I understand the chart to mean.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. BROWN. I shall be glad to yield to the Senator after I have explained the chart to the Senator from Wyoming.

The chart shows the rises and falls of farm income above and below the general level of all income. It will be noted that the Senator's chart follows almost the same general line.

I now yield to the Senator from Colorado.

Mr. JOHNSON of Colorado. It so happens, however, that the parity period, 1910 to 1914, would fall on the line representing 100.

Mr. BROWN. I think the Senator is correct.

Mr. JOHNSON of Colorado. It happens to do so.

Mr. BROWN. We reached approximately that position in which we all know we have been, of something above parity, until the 1937 depression. Then we went a little below parity, and now we are reaching a point a little above the general average.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. McFARLAND in the chair). Does the Senator from Michigan yield to the Senator from Wyoming?

Mr. BROWN. I yield.

Mr. O'MAHONEY. As I understand, the horizontal line which is denominated 100 represents the ratio which existed from 1909 to 1914 between per capita farm income and per capita nonfarm income.

Mr. BROWN. If the line of farm income ran absolutely straight, that would mean that for that entire period farm income was in absolute parity with all income. It does not. It goes above it and below it, but it remains very close to the line.

Mr. O'MAHONEY. The Senator is referring to parity income as of 1910 to 1914, is he not?

Mr. BROWN. Yes.

Mr. O'MAHONEY. The Senator realizes, does he not, that one of our basic contentions is that the farm income as of 1910 to 1914 was itself a depressed income?

Mr. BROWN. Yes. I recognize that the Senator has made that argument all along.

In the statute to which the Senator from Iowa [Mr. GILLETTE] called attention earlier in the day we find that—

"Parity," as applied to income, shall be that per capita net income of individuals on farms from farming operations that bears to the per capita net income of individuals not on farms the same relation as prevailed during the period from August 1909 to July 1914.

I do not think there is any difference between the Senator and myself. That relationship between nonfarm income and farm income which prevailed during the period from 1910 to 1914 is the basis of the bill. The Senator from Wyoming contends that as to wool, beef, and certain other commodities, that relationship is unfair in its determination of prices. There is no difference between the Senator and me in that respect.

Mr. O'DANIEL rose.

Mr. BROWN. I yield to the Senator from Texas.

Mr. O'DANIEL. Mr. President, can the Senator from Michigan tell us where the line for per capita nonfarm income since 1914 would be on the chart? Would it be above or below the line representing 100?

Mr. BROWN. Farm income—

Mr. O'DANIEL. No; I asked about nonfarm income.

Mr. BROWN. Let me put it the other way around. Farm income was very much above nonfarm income for the period 1915-19. As the Senator knows, the small lines represent years. As he will recall, farm income—farm prices being the basis of farm income—rapidly fell until 1921; and, as I have indicated several times, the line shows whether farm income was above or below the general average during that period.

Of course, the line representing 100 is not a straight line; it cannot be a straight line if we have in mind the fact that it is meant to show general income. Of course, it would go up and down. But the chart shows the relationship between farm income and nonfarm income per individual.

Mr. O'DANIEL. But farm income since 1914 is reflected by the up-and-down movement; is it not?

Mr. BROWN. Yes; it is; but it is much lower during all this period.

Mr. O'DANIEL. But even after 1914 it appears to be compared to the nonfarm income prior to 1914; and if we should use nonfarm income since 1914 as a basis of comparison, would not the line be considerably above the line marked 100?

Mr. BROWN. It is just like the chart of the Senator from Wyoming, showing the general ups and downs of farm income. Probably the line comes somewhere about the point I now indicate on the Senator's chart.

Mr. O'MAHONEY. Mr. President, will the Senator yield for a question?

Mr. BROWN. I yield.

Mr. O'MAHONEY. The Senator acknowledges, does he not—forgetting now the ratio which is the basis of his chart—that actually the per capita farm income during the period from 1922

through 1940 has never yet exceeded the per capita income for all the people?

Mr. BROWN. Except for the short period I now indicate on the chart.

Mr. O'MAHONEY. No; that is the ratio, and it is a ratio based upon 1910 to 1914. I ask the Senator to look at the chart to which I referred in the course of my remarks. The chart is prepared on the basis of statistics furnished by the Bureau of Agricultural Economics.

Mr. BROWN. Oh, yes; I see the Senator's point. The Senator is correct about that.

Mr. O'MAHONEY. Yes. So what the Senator from Michigan is now talking about is a ratio based upon the condition which existed in the period 1910-14.

Mr. BROWN. Yes; and the relationship existing at that time is pretty well illustrated by the Senator's chart.

Let us get down to date. As has been pretty clearly demonstrated by the debate, the present relationship is 99. Farm income is now 99 percent—not the figure shown here, but it is still slightly below. But in the bill we say that the laws of supply and demand will operate as they will until the ratio is 110 percent of parity; and that is the difference between the Senators position and mine.

Mr. AIKEN. Mr. President, will the Senator yield for a question?

Mr. BROWN. I am glad to yield.

Mr. AIKEN. I simply desire to ask if the chart shows from what source the farm income was derived. Do the figures on the chart mean income derived solely from the production of crops, or does the income include rents, interest, and other items which sometimes are included in one set of figures on farm income? In fact, I believe that within the last 10 or 12 years there have been years when farm income from rents, interest, and other "sticky" price charges amounted to more than the income from crops.

Mr. BROWN. The Senator heard the argument of the Senator from Wyoming, and he heard my argument along that line; and, of course, it is very difficult to keep all the statistics in mind.

Mr. AIKEN. I think we should have the source of the income in order that a sound judgment may be formed.

Mr. BROWN. But this figure is based upon figures which go to make up parity; and the Senator from Wyoming and I have fully discussed that question and demonstrated, I think, just how that parity was made up. All the factors to which the Senator from Vermont has referred—the expenses, and so on, which go into making up the cost of a product—are calculated in determining what is parity; because what is parity is dependent upon a large number of prices. The Senator stated a while ago that food and the cost of living are 48 percent of that figure. I am not now going to detail all the factors which go into making up the figure, because the Senator from Wyoming made a quite thorough explanation of the matter; and whatever factors enter into the determination of parity—which is the basis for determination of this relationship—are the factors which are the basis of these figures.

For the benefit of a few Senators who were not here when I mentioned it, I desire to refer briefly to the matter of urban wage rates. The demonstration made by the Senator from Wyoming compares the prices of commodities, which are the two figures I now indicate on the chart, with the hourly rate of wages. The price of a commodity cannot be compared with the hourly rate of wages, because the price of a commodity is a different thing. But the income of an urban worker is not necessarily measured by the hourly rate of wages he receives; because he does not receive wages for 7 days of the week. He receives them for 3 or 4½ or 5 days a week. During all these years we have had from 10,000,000 to 11,000,000 persons in the ranks of the unemployed. Probably the figure is now considerably reduced; but, as my colleague knows, in my State it will be increased again for a period of from 2 to 5 months, and that factor is not taken into consideration.

In my judgment, the line representing urban wage rates has very little relationship to the other lines shown on the chart, and they are not properly comparable. Why? Because parity is not based upon any new relation between wages and commodities. Parity is based upon the relationship as it existed in the period 1909 to 1914. That is the period in which we think there was a fair relationship between wages and farm prices.

Mr. BURTON. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. BURTON. As I understand the present computation of parity, it takes into consideration as one of the important factors the prices the farmer pays for the manufactured goods he buys. Of course many of those goods are manufactured in cities, and therefore indirectly reflected in the price there must be urban wage rates, urban salaries, and everything else relating to products coming from cities.

Mr. BROWN. Certainly.

Mr. BURTON. Consequently if we were to add the 20 percent factor which relates only to urban wage rates, it seems to me we would duplicate a factor already included; and the chart seems to demonstrate the duplication.

Mr. BROWN. As the Senator says, wages are reflected in the price of an automobile, in the price of a truck, the price of a piece of agricultural machinery, the price of any manufactured product which the farmer buys; and that is where the wage factor is taken into consideration. Certainly it would be unfair to include wage rates in comparison with the price of a commodity. Wage income would be a different factor. There might be a fairer basis for so doing; but we have already taken that into consideration, because we compare the price of a product of the farm with the price of a product of the factory. That is the basis of comparison used.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. GUFFEY in the chair). Does the Senator from

Michigan yield to the Senator from Colorado?

Mr. BROWN. I yield.

Mr. JOHNSON of Colorado. Does the Senator believe that if he were to use the figures based on rural wage rates, and were to compare them with the figures for urban wage rates, the lines would be closer together?

Mr. BROWN. They would be very much closer together. The Senator puts his finger on a point I was about to make. Only urban wage rates are considered here; and, of course, if we use farm wages and wages in small communities and towns, there will be a great deal of difference.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. AIKEN. I understood the Senator from Wyoming to say that farm wage rates were included but were given a weighting of only 5 percent; but in the list giving the weighting totaling 100, farm wages were given a weight of 5 points out of 100.

Mr. BROWN. In that connection, with respect to the question of wages, it will be noted that during the World War period, in order to reach a real wage increase of 20 percent, it was necessary for cash wages to go to 240—which is roughly comparable to the 240 points shown on the Senator's chart—because of the increase in the cost of living.

These are the wages of 8 large manufacturing industries. The cash weekly wage had to go to 240 above 100 in order to reach a wage 20 points above a hundred. The same thing can be shown in regard to wages of Federal employees in the District of Columbia during that period.

Mr. DAVIS. Mr. President, will the Senator put into the RECORD the industries referred to?

Mr. BROWN. Yes; I will do that.

The teachers constitute a very large class of wage earners. It will be noted that in 1915-16, when prices commenced to rise, a rise of 15 points in cash weekly wages did not overcome an actual drop of approximately 12 points in real wages, and it was not until the teachers' wages had reached 180 that they maintained a parity with their wages during the high-price days of 1920. It was necessary to go to 180 in order to maintain the same real wage that was had in 1914.

The same thing can be shown with reference to the building trades, and, as I have said, the situation with regard to the District of Columbia wages was even more remarkable.

Mr. President, I realize that in colloquies with the Senator from Wyoming we have pretty well covered the differences between us on this proposition. I merely wish to conclude with these thoughts: First, that under the amendment which was adopted yesterday—and I am bound to accept that amendment, although I opposed it, for it is now in the bill—there is no power and authority in the Price Administrator to fix any ceiling whatsoever without the approval of the Secretary of Agriculture. So if beef prices in which the Senator from Wyoming is in-

terested, and wool prices, in which he is also interested, or the prices of any other commodities in which any Senators are interested, are below what the Secretary of Agriculture thinks is a fair price for such commodities, the determination of the Secretary of Agriculture or the law of supply and demand will prevail. The Price Administrator has not the authority in that respect. If the O'Mahoney amendment was necessary in the minds of some Senators before that time, it certainly is not necessary if Senators believe that the Secretary of Agriculture will treat them fairly.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BROWN. I yield to the Senator from Kentucky.

Mr. BARKLEY. I wish merely to inject a remark with regard to the formula for determining parity. Those of us who have lived with this problem for a number of years realize that the formula which is now in the law was worked out carefully and patiently not only by Members of Congress but by representatives of agriculture, the farmers themselves. I do not think that I exaggerate when I say that the formula on the subject of parity which has been carried in the Agricultural Adjustment Act from the beginning was written by the farmers and their representatives, not in the Congress alone but on the outside.

The question that seems to me of some importance involved in the amendment is whether, overnight almost, we are to change the formula which the agricultural interests of the country themselves wrote, in order to raise in a few instances the figure in regard to parity. It is something, it seems to me, to which we must give careful consideration.

As I understand, the Farm Bureau Federation is opposed to the so-called Brown amendment which was put in the House bill.

Mr. BROWN. Mr. President, will the Senator from Kentucky permit me to read the statement of Mr. O'Neal at this point?

Mr. BARKLEY. Yes. I should be glad to have the Senator read it.

Mr. BROWN. On page 444 of the Senate hearings, during the testimony of Mr. O'Neal, the question of the Brown amendment arose. As the Senator from Georgia [Mr. RUSSELL] will undoubtedly advise the Senate, that amendment involved an increase of approximately 8 percent above parity. I am advised by statisticians that the figure would be 118 percent.

Mr. BARKLEY. That is my understanding.

Mr. BROWN. The figure given me by the experts on the amendment of the Senator from Wyoming is 121.

Regardless of whether it is 118 or 116 or what, Mr. O'Neal, in speaking of the Brown amendment, said:

We did not initiate or support subsection 3 of section 3 (a) which is known as the Brown amendment and which prohibits the fixing of any agricultural commodity "below the average price for such commodity during the period July 1 1919 to June 30, 1929." This provision abandons the parity

concept and would permit price ceilings above 110 percent of parity for several farm commodities. Our refusal to support this exemption for agriculture surely ought to be proof of our sincerity in support of effective legislation to control farm prices as well as industrial prices and wages.

Based upon that statement of Mr. O'Neal, the Senator from Kentucky and the Senator from Michigan and other Senators on the committee decided to accept 110. We thought that was what the farmers wanted, and, I take it, that that is a plain statement that Mr. O'Neal does not want to have the farmers reach that high price level which is shown on the chart in the rear of the Chamber and have ensue such a collapse as followed 1920 and 1930, as appears on the chart. He does not want more than 110 percent of parity.

Mr. BARKLEY. I injected myself into the debate because I have no purpose at the present time to discuss the O'Mahoney amendment in my own time.

Mr. BROWN. I merely wanted to read from Mr. O'Neal's testimony, with the Senator's permission.

Mr. BARKLEY. As a member of the subcommittee, I recall the attitude of the group of farm representatives who had a large part in writing the present law regarding parity, and it seems to me that we are really not doing any service to agriculture by upsetting the formula which they themselves had a large part in writing, merely because to upset it might work some advantage to a special group of farmers who are engaged in a particular type of agricultural enterprise.

Mr. BROWN. The Senator is correct.

Mr. BARKLEY. I want to emphasize what I understood to be the attitude of those who represented agriculture as portrayed in the testimony of Mr. O'Neal.

Mr. RUSSELL. Mr. President, I am somewhat amazed to hear the Senator from Michigan and the Senator from Kentucky advocate a statement of Mr. O'Neal as the basis of their position on any feature of this bill.

Yesterday we were told that the Bankhead amendment should be defeated by the Senate, whereas Mr. O'Neal in his statement to the committee vigorously insisted that the committee should include the Bankhead amendment in the bill. It all goes back to the old question of whose ox is gored. Senators rely on Mr. O'Neal's statement when it serves their purposes and protects their views on the bill, and they discard it with a wave of the hand when it is contrary to their views.

Mr. BARKLEY. Mr. President, the difference between the Senator from Georgia and the Senator from Michigan and myself seems to be that yesterday the Senator from Georgia agreed with Mr. O'Neal and today he disagrees with him, while yesterday we disagreed with him and today we agree with him. [Laughter.]

Mr. RUSSELL. Exactly. That is the point I wished to make.

Mr. BROWN. To use the small boy's phrase which was so familiar to all of us just before we knocked a chip off the shoulder, "You're another." [Laughter.] The Senator can make that accusation

against me, and I can make it against him.

Mr. RUSSELL. I am vulnerable.

Mr. BROWN. But Mr. O'Neal proved to be such an excellent authority yesterday in obtaining the adoption of the Bankhead amendment that I am very proud to call upon him as my authority today; and I hope my action will have the same result.

Mr. RUSSELL. For my part, I hope Mr. O'Neal exhausted all his influence and authority yesterday.

Mr. O'MAHONEY. Mr. President, will the Senator yield to me?

Mr. RUSSELL. I wish to say just one further thing.

Mr. O'MAHONEY. Permit me to make one remark, because this finishes up what the Senator has just been talking about. I am making an additional remark to supplement what the Senator from Georgia has said with respect to the authority that the Senator from Michigan now cites. I caught the language as he read it. He now appeals to the authority whom he rejected yesterday, and cites, bear you in mind, the statement of Mr. O'Neal to support his position against my amendment. Now let us read again what the Senator from Michigan has just read. I have underlined it for the Senator from Michigan, so that he may look over my shoulder as I read it.

This, Mr. President, is Mr. O'Neal, the authority of the Senator from Michigan at this moment, speaking—page 444 of Senate committee hearings:

Our refusal to support this exemption for agriculture surely ought to be proof of our sincerity in support of effective legislation to control farm prices as well as industrial prices and wages.

The Senator from Michigan and the Committee on Banking and Currency rejected the authority of Mr. O'Neal on industrial prices and wages, and the Senator from Michigan quotes that language to attack the amendment now pending.

Mr. BROWN. And with that expression the Senator from Wyoming has repeatedly stated on the floor that he was in full agreement. In other words, he felt that this bill could not cover the complicated question of wages.

Mr. O'MAHONEY. Oh, certainly; and I think the Committee on Banking and Currency did exactly the right thing. All I am asking is that we tie farm commodity prices to wages.

Mr. BROWN. All I am saying is that if Mr. O'Neal opposes 118 percent of parity in the amendment of the Representative from Georgia [Mr. BROWN], he surely would oppose 120 percent or 121 percent of parity, as proposed by the Senator from Wyoming.

Mr. O'MAHONEY. Of course, because he expected a ceiling on wages.

Mr. RUSSELL. Mr. President, the Senator has twice stated that the so-called Brown amendment raised the index to 118 percent of parity, whereas the table which the Senator from Michigan placed in the Record on the day the debate opened on this bill showed that it affected only four commodities. I think the Senator's statement is based upon the old parity price and not upon the new parity price. It certainly could not in-

crease agricultural commodities to as much as 118 percent of the present parity when it affects only four commodities, three of which are not major commodities.

Mr. BROWN. If the Senator from Michigan gets all these statistics straight in the Record, I think he will be performing a major task. I readily grant that there may be some errors in that respect; but the point is that the Brown amendment substantially increases 110 percent of parity. My recollection was that it was 118 percent on December 10, when the testimony was given before the committee.

Mr. President, I desire now to conclude by calling attention to the fact that the other gentleman who joined with Mr. O'Neal in the assault on our bill yesterday, and who was so successful—the Secretary of Agriculture—likewise on page 2017 of the House hearings thoroughly endorsed the parity principle, and clearly indicated that he thought that was doing full justice to the farmer.

So I leave the question of the O'Mahoney amendment with the hope that we shall do what I think the great majority of the farmers of the country want us to do—full justice to them by 110 percent of parity—and that we shall not commence an upward climb of prices by permitting 121 percent.

Mr. RUSSELL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. TUNNELL in the chair). The Senator will state his inquiry.

Mr. RUSSELL. It is my intention to propose an amendment to the committee substitute amending page 29. Under the substitute proposal of the Senator from Wyoming, it is proposed to strike out all the language of the committee print relating to agriculture.

Mr. O'MAHONEY. Except paragraph (f).

Mr. RUSSELL. I desire to ascertain whether it would be possible for me to offer an amendment to the O'Mahoney amendment in the event the Senate should adopt that amendment.

The PRESIDING OFFICER. The Senator would not have a right to offer an amendment to the O'Mahoney amendment in the event it should be adopted by the Senate.

Mr. RUSSELL. Am I to understand the Chair as ruling that if the O'Mahoney amendment should be adopted by the Senate, it would preclude any further amendment adding an additional formula to the bill?

The PRESIDING OFFICER. The O'Mahoney amendment would not be subject to any further amendment unless reconsidered.

Mr. RUSSELL. Then, Mr. President, I desire to offer an amendment to the O'Mahoney amendment striking out the period in line 2 on page 2, inserting a semicolon, the figure (3), and the following words:

the average price for such commodity during the period July 1, 1919, to June 30, 1929.

Mr. O'MAHONEY. Mr. President, I understand that to be the so-called Brown amendment which was adopted by the House.

Mr. RUSSELL. That is correct. Has the Senator from Wyoming any objection to that amendment?

Mr. O'MAHONEY. No; I shall be very glad to accept it.

Mr. RUSSELL. In that event, I shall not discuss the amendment now; but, in case the O'Mahoney substitute is rejected, I shall then offer it to the original text, and shall discuss the amendment briefly.

Mr. TAFT. Mr. President, a parliamentary inquiry. Am I to understand that the amendment of the Senator from Georgia was accepted?

Mr. RUSSELL. It was accepted by the Senator from Wyoming as an amendment to his amendment.

Mr. TAFT. Does that mean that when we vote on the O'Mahoney amendment we have to vote not only in favor of this kind of parity but also in favor of the Brown amendment?

Mr. RUSSELL. I cannot imagine the Senator from Ohio having to vote for either one of those proposals. In fact, I think most of the Members of the Senate would faint if the Senator from Ohio should espouse either one of them. [Laughter.]

Mr. TAFT. I am only making the parliamentary inquiry whether approval of this amendment would carry with it the Brown amendment as well as the O'Mahoney amendment.

Mr. RUSSELL. That is different. The first question asked by the Senator was whether he had to vote for both proposals. I wish I had the power to compel the Senator from Ohio to correct the error of his way and support both these proposals.

Mr. TAFT. Does the Senator mean that I have to vote either for both of them or for neither of them?

Mr. RUSSELL. That is exactly correct.

Mr. BARKLEY. Mr. President, a further parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Kentucky will state it.

Mr. BARKLEY. We are required now to vote on the combined proposal—that is, the O'Mahoney amendment plus the amendment of the Senator from Georgia, which is the Brown amendment adopted in the House.

Mr. RUSSELL. That is correct.

Mr. BARKLEY. In the event both are defeated, the Senator from Georgia will offer his amendment separately? Is that correct?

Mr. RUSSELL. I am merely protecting myself from a parliamentary standpoint. The Chair has ruled that if the amendment offered by the Senator from Wyoming should be agreed to by the Senate, I would be precluded and estopped from offering this amendment to the bill.

Mr. BARKLEY. In view of the inconsistency between the Brown amendment, which the Senator has offered, and the O'Mahoney amendment, how is an intelligent vote to be cast?

Mr. RUSSELL. There is absolutely no inconsistency; and I challenge the Senator from Kentucky to point out any inconsistency whatever in this amendment to the O'Mahoney amendment that could not be urged with equal force to the original House provision.

Mr. BARKLEY. I understood the effect of the Brown amendment to be to fix parity at about 118.

Mr. RUSSELL. It does not.

Mr. BARKLEY. And the O'Mahoney amendment to fix it at about 121. Both cannot be in effect.

Mr. RUSSELL. I shall make a brief statement on the amendment, and clear up the confusion which evidently rests in the minds of some Senators.

The O'Mahoney amendment relates to a method of computing parity. The so-called Brown amendment, which I have now proposed, has nothing whatever to do with the method of computing parity, but offers an additional formula which the Price Administrator shall use as a standard before he may fix any price on agricultural commodities.

As the bill passed the House, it contained a provision that the Price Administrator should not fix a price for agricultural commodities which was less than the price of October 1, which was in the Senate committee proposal; which was less than 110 percent of parity, which is in the bill as it was reported and is now pending before the Senate; or which was less than a third ingredient in the formula, which was the average farm price from 1919 to 1929. That was the provision of the bill as it passed the House. So the amendment of the Senator from Wyoming merely changes the method of computing parity. It does not offer any new standard to guide the Price Administrator, but it provides a new method of computing parity, to arrive at what is a parity price.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. BARKLEY. Parity as it is provided in the law now is based upon the period from 1909 to 1914.

Mr. RUSSELL. Yes.

Mr. BARKLEY. The Brown amendment nullifies that, changes the period altogether, and bases parity upon a later period.

Mr. RUSSELL. It does not nullify it to any extent. It merely adds to price as of October 1, 1941, which the Senator voted in the committee to report to the Senate, a new limitation—it lays down a new yardstick.

Mr. BARKLEY. As an alternative for 110 percent of parity, based upon the period from 1909 to 1914.

Mr. RUSSELL. So is the Brown amendment an alternative to 110 percent of parity.

Mr. BARKLEY. But based upon a different period.

Mr. RUSSELL. Not based upon any parity at all. It is not based on parity any more than the October 1 price is, which the Senator supported in the committee. It is based on the average price from 1919 to 1929. It does not change parity to any extent. It is an alternative formula which the Price Administrator must observe before he can fix prices.

The first ingredient is the actual market price on October 1. That is in the bill, and the committee has made no motion to strike it out. It has no relation to parity whatever. It is based solely

on what the market price of the commodity was on the first day of October 1941. Parity might have been 80 cents a bushel, and the market price on October 1 might have been \$2 a bushel. Under the provisions of the bill, the Price Administrator could not fix the price until it reached the price of October 1, 1941.

Mr. BARKLEY. The Senator does not call it parity. The average price between 1919 and 1929 is not called parity, because it does not take into consideration the relationship of farm prices to other prices, which is the basis of parity. He just fixes an arbitrary average for farm prices between those dates, which disregards all other elements in the situation.

Mr. RUSSELL. Not at all.

Mr. BARKLEY. It is not related in any way to purchasing power, or to the cost of other things which the farmer has to buy. It is the arbitrary average of a 10-year period.

Mr. RUSSELL. It is an additional formula.

Mr. BARKLEY. And that would disregard a part of the basis for parity, which includes the purchasing power of the farmer, which has a direct relationship between his income and his outgo. That is true, is it not?

Mr. RUSSELL. It does not disregard it, because as the Senator from Kentucky well knows the parity prices of all agricultural commodities are not based on the 1909 to 1914 period.

Mr. BARKLEY. I know that.

Mr. RUSSELL. One of the first speeches I heard the Senator from Kentucky make on the floor of the Senate was in support of a change of parity as to tobacco from 1909 to some other period. I think it was 1919 to 1929. Today, as the result of the efforts of the Senator from Kentucky, all these commodities are not tied to the 1909-14 period.

Mr. BARKLEY. Still preserving the relationship between the price the farmer got for what he produced and sold and the price he had to pay for everything he had to buy, whereas the amendment of the Senator does not preserve that relationship.

Mr. RUSSELL. Did the Senator support the committee bill which fixed October 1, 1941, as the date?

Mr. BARKLEY. I did. I not only supported it, I insisted on it.

Mr. RUSSELL. Does that price have any relation to the price the farmer pays?

Mr. BARKLEY. It has this relationship, whichever is the higher between the parity price, 110 percent, and the price on October 1, prevails.

Mr. RUSSELL. Exactly. The Senator proposed another period. The Senator supported the October 1, 1941, date, which has absolutely no relationship to any parity formula of which I have ever heard. It was the actual farm market price on October 1, 1941.

Mr. BARKLEY. Of course, we all know that the markets for certain products open at different times in this country. There were certain products for which the market would not open on the

1st day of October, and there would be no October 1 price because the market would not open for 2 months.

Mr. RUSSELL. To what commodity does the Senator refer?

Mr. BARKLEY. Tobacco, for instance.

Mr. RUSSELL. Does the Senator mean there was no market price on tobacco on October 1?

Mr. BARKLEY. There may have been in Georgia, where the season is earlier, but in my State the market price on tobacco was not fixed until December, when the markets opened, and in certain sections of the State not until the 6th of January. So that the October 1 date would not have any effect, and in that case it would go back to the 110 percent of parity. But the object of the committee, and the object of the House, I think, was to fix, in such a case, an alternative as of October 1, or the parity of 110 percent.

The Senator from Georgia is seeking to establish an average over a 10-year period, not to accept a given date close up to the enactment of the law, after prices had increased as a result of the emergency, but to fix an average price over 10 years, which probably would have no relationship to the cost of the things the farmer has to buy. But what the committee of the House sought to do, and what our committee sought to do, was to provide a method by which in certain cases, where the price had increased sufficiently by October the 1st so that there would be greater than parity, to adopt that date. That was a progressive date. In the bill as it was introduced, or at least first considered, March 31 was the date. It was then moved up to July the 1st, and in view of the delay in enacting the law, the House moved it up to October the 1st, and we accepted that in the Committee on Banking and Currency of the Senate. It was a progressive moving forward so as to bring the date, whatever it should be, as near to the date of the enactment of the law as seemed to be wise and practicable. I grant that it had no relationship to the cost of the products the farmer has to buy. It eliminated to a certain extent all the elements which went into parity, by which we undertook to interpret parity as meaning the relationship between farm income and farm outgo.

Mr. RUSSELL. Of course, it had absolutely no relationship to parity. Just as the Senator from Kentucky stated, on October 1st some commodities went as high as 150 or 160 percent of parity, and the Senator's insistence in the committee that that provision be retained had the effect of fixing the ceiling at 150 percent of parity as to those commodities.

Mr. BARKLEY. In that connection, it had no effect whatever upon one of the chief products of my own State, because in my State the market price had not even been determined on October 1, or even November 1, because the markets had not opened.

Mr. RUSSELL. The Senator from Kentucky took care of the products of his State when he changed the parity period. Of course, the 110 percent of parity would be a very fine figure for tobacco, and I

was glad the Senator from Kentucky led the fight to change the parity period on tobacco. I supported him very zealously in his efforts.

Mr. BARKLEY. The Senator did.

Mr. RUSSELL. Tobacco is also produced in my State.

Mr. BARKLEY. The State of Georgia produces tobacco, and the Senator was interested, just as I was. But that was done in peacetime; it had no relationship to emergency price fixing which is carried forward in the pending bill.

Mr. RUSSELL. Mr. President, I am not undertaking to write a new parity formula, as the Senator from Kentucky did in the case of tobacco. I am merely asking the Senate to reinsert in the bill that provision which was brought out by the House Committee on Banking and Currency after exhaustive hearings extending over several months, and which was adopted on the floor of the House without any substantial objection.

It does not provide any new basis for computing parity. It merely was an effort to provide three formulas so as to deal justly with all classes of agricultural commodities. The formula already adopted by the Senate, of October 1, 1941, has given to some commodities a very decided preference. Some commodities were bringing as much as 150 percent of parity on the first day of October 1941. The 110 percent of parity provision, of course, applies to all commodities. It so develops that there are a few commodities which in the period from 1919 to 1929 were a trifle higher than either 110 percent of parity or the price on October 1, 1941.

This amendment was offered to equalize that condition, and to bring those few commodities into some share of the benefits which are enjoyed by commodities which happened to be at a very high price level on the first of October.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. RUSSELL. I yield.

Mr. TAFT. Can the Senator tell us about how much the price of commodities will be raised by the Senator's amendment, above the figure that would be set under present conditions by the O'Mahoney amendment?

Mr. RUSSELL. I am not undertaking to discuss the O'Mahoney amendment.

Mr. TAFT. No; but my point is that the O'Mahoney amendment puts a low limit for the maximum price on certain commodities. I wonder what the effect would be of adding the Russell amendment to the O'Mahoney amendment; whether that would raise those figures in any cases and, if so, in what cases.

Mr. RUSSELL. I have not seen a table which would show the effect of the O'Mahoney amendment, and, therefore, I am unable to answer that question. According to some figures shown me by the Senator from Michigan [Mr. Brown], my amendment would be absolutely without effect on the O'Mahoney amendment, because the figures which the Senator from Michigan had showed that all the prices of all these commodities would be higher under the O'Mahoney parity formula than they would be either under the date of October 1, the 110 percent of

parity, or the period from 1919 to 1929. The Senator from Wyoming, however, in the figures he submitted shows that some of these commodities would be slightly higher under this amendment than they are under the O'Mahoney formula. As I recall, in the case of potatoes, of lambs, of chickens, and cotton they would be slightly higher than shown by the figures which have been submitted by the Senator from Wyoming. However, another table shows that the prices under the O'Mahoney amendment would in every case be higher than they were in the period from 1919 to 1929.

Under this amendment potatoes would have a maximum price of 1.25 rather than 1.14 per pound; lambs 10.98 instead of 9.75; chickens 21.4 instead of 18 cents; and cotton would have a maximum of 21.4 instead of 14.65 cents per pound under the formulas now in the bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wyoming [Mr. O'Mahoney], as modified, to the committee amendment.

Mr. MURDOCK. Mr. President, I should like to ask the Senator from Wyoming a question before the vote is taken. As I understood the Senator yesterday there was some doubt in his mind whether the parity price, if it was higher than the October 1 price, would be affected by the language of the bill as it was reported to the Senate. I think the Senator stated that the words "whichever is higher" should be in the bill in order to clarify that situation.

Mr. O'MAHONEY. The Senator is correct.

Mr. MURDOCK. I will now ask the Senator to read his amendment as it is printed in the RECORD.

Mr. O'MAHONEY. The Senator is reading from which day's RECORD?

Mr. MURDOCK. I am reading from the CONGRESSIONAL RECORD of January 9, page 194.

Mr. O'MAHONEY. The Senator will recall that when I originally offered the amendment it dealt solely with the wage parity.

Mr. MURDOCK. Yes.

Mr. O'MAHONEY. And then I added the other formula, because certain Senators pointed out that in the case of vegetable oils, for example, the date October 1 ought to be used. Then the date December 15 was put in. And so, as the amendment is now before the Senate, the exact phrase to which the Senator refers is "whichever under clause (1) or (2) is the higher."

Mr. MURDOCK. That is just the point I want to make, and I think if the Senator will give me his attention he might agree with me that even with the words "whichever is higher" in the bill it is limited to the two dates, October 1, or December 15, and does not go back to clause 1, as the amendment is now written, and which the Senator wants it to do.

Mr. O'MAHONEY. The Senator is quite correct, and on the floor just before I concluded speaking I asked to modify my amendment, and on page 2, line 2, after the word "whichever", I inserted "under clause (1) or (2)", so as to read

"whichever under clause (1) or (2) is the higher." So that accomplishes exactly what the Senator from Utah has in mind.

Mr. MURDOCK. I did not hear the Senator make that modification, and I would have been surprised had he not done so.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wyoming [Mr. O'MAHONEY], as modified, to the committee amendment.

Mr. BARKLEY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Gillette	O'Mahoney
Austin	Green	Overton
Bailey	Guffey	Pepper
Ball	Gurney	Radcliffe
Bankhead	Hayden	Reynolds
Barkley	Herring	Rosier
Bilbo	Hill	Russell
Bone	Holman	Schwartz
Brewster	Hughes	Shipstead
Brooks	Johnson, Colo.	Smathers
Brown	Kilgore	Spencer
Bulow	La Follette	Stewart
Bunker	Langer	Taft
Burton	Lee	Thomas, Idaho
Butler	Lodge	Thomas, Okla.
Byrd	Lucas	Thomas, Utah
Capper	McCarran	Tobey
Caraway	McFarland	Truman
Chandler	McKellar	Tunnell
Chavez	McNary	Tydings
Clark, Idaho	Maloney	Vandenberg
Clark, Mo.	Maybank	Van Nuys
Connally	Mead	Wagner
Danaher	Millikin	Wallgren
Davis	Murdock	Walsh
Doxey	Murray	White
Ellender	Norris	Wiley
George	Nye	Willis
Gerry	O'Daniel	

The PRESIDING OFFICER. Eighty-six Senators have answered to their names. A quorum is present.

Mr. BROWN. Mr. President, before the vote is taken on the pending amendment, I wish to take 2 or 3 minutes to show what it would do in the way of actual price limitation.

If this amendment, which is a combination of the O'Mahoney and Russell amendments, were to be adopted, the price of wheat would have to rise from the present figure of \$1.02 a bushel to \$1.53; the price of corn from 56 cents to \$1.11; the price of oats from 45 to 69 cents; the price of barley from 56 cents to \$1.07; the price of buckwheat from 64 cents to \$1.27; the price of cotton from \$16.23 to \$21.40; the price of sweetpotatoes from 86 cents to \$1.52; the price of hay from \$9 a ton to \$20.65; the price of eggs from 34 to 46 cents, and the price of butterfat from 36 to 50 cents. It would simply mean, Mr. President, that if this amendment were adopted there would be absolutely no power given the Price Administrator, if he were to follow the standards in the act, to fix the price of any industrial products. It would mean that the prices of farm products would go up something like 25 percent on the average, and industrial products would have to follow the same general level. The vicious spiraling which we have been fighting to prevent would be on its way.

If the amendment were adopted, I do not think the bill would be of any benefit to the American people.

Mr. O'MAHONEY. Mr. President, the figures which the Senator has just read do not agree with the computations which have been made for me. I do not believe the conclusion which the Senator has announced is at all justified. The adoption of this amendment would not require an increase of agricultural prices, but it would prevent the depression of agricultural commodities below the spiraling level of urban wage rates, concern-

ing which the Committee on Banking and Currency did nothing.

I ask unanimous consent that there be printed in the RECORD at this point a statement comparing the wage-parity plan with other farm price-ceiling provisions.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

TABLE 1.—Wage parity plan compared with other farm price ceiling provisions

Prices at farm for products farmers sell	Actual price		110 percent of parity in December 1941 as computed by U. S. Department of Agriculture	100 percent of parity in December 1941 under recommended wage parity plan ¹
	Oct. 15, 1941	Dec. 15, 1941		
Apples, per bushel.....	\$0.87	\$1.09	\$1.52	\$1.52
Barley, per bushel.....	.49	.56	.98	.80
Beans, dried, per hundredweight.....	4.44	4.93	(²)	5.42
Beef cattle, per hundredweight.....	9.18	9.38	8.25	9.95
Butterfat, per pound ³.....	.37	.36	.42	.45
Chickens, per pound.....	.16	.16	.18	.23
Corn, per bushel.....	.65	.67	1.02	1.01
Cotton, per pound.....	.166	.162	.196	.200
Cottonseed, per ton.....	50.89	44.65	35.64	39.08
Eggs, per dozen ³.....	.32	.34	.34	.34
Flaxseed, per bushel.....	1.64	1.78	2.67	2.65
Hay, all, per ton.....	8.34	9.43	18.80	15.08
Hogs, per hundredweight.....	10.08	10.21	11.44	12.35
Lambs, per hundredweight.....	9.66	9.86	9.30	11.50
Milk, wholesale, per hundredweight.....	2.55	2.66	2.08	2.91
Oats, per bushel.....	.39	.45	.63	.54
Oranges, per box.....	1.87	1.14	(²)	2.11
Peanuts, per ton.....	88.00	96.00	152.00	111.00
Potatoes, per bushel.....	.67	.63	1.11	1.18
Rice, per bushel.....	.97	1.44	1.29	1.29
Soybeans, per ton.....	47.33	49.00	(²)	63.00
Sweetpotatoes, per bushel.....	.87	.87	1.39	1.35
Tobacco, burley, per pound.....	(²)	(²)	.23	.31
Tobacco, flue-cured, per pound.....	(²)	(²)	.29	.31
Turkeys, per pound.....	.19	.21	.23	.28
Veal calves, per hundredweight.....	11.44	11.22	10.69	12.15
Wheat, per bushel.....	.91	1.02	1.40	1.46
Wool, per pound.....	.36	.37	.29	.37
Index, all farm products (1910-14=100).....	(139)	(143)	(158)	(172)

¹ Plan is based on an index comprised of (a) the official parity index now used by the U. S. Department of Agriculture and (b) an index of wage rates of urban workers; with the former carrying a weight of 80 percent and the latter a weight of 20 percent. The base period is 1910-14 for the general level of prices but price relationships are modernized on the basis of the last 10 years. Prices in this column are arrived at by multiplying the actual farm prices (including Government payments) in 1931-40 by 1.74. This factor is secured by dividing the new parity index of 172 in December 1941 by 99 which was the index of prices received by farmers for all farm products (including Government payments) in 1931-40. On the average farm prices under this plan in December 1941 would be 9 percent higher than 110 percent of old parity and 20 percent higher than actual prices.

² Unavailable.

³ Not seasonally adjusted. With seasonal adjustment the parity price for eggs and butter would be higher than shown here.

Mr. O'MAHONEY. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. BANKHEAD. Mr. President, I am in a rather difficult situation with respect to this amendment. As a member of the subcommittee, where I was very definitely in the minority on important phases of the agricultural section, certain statements and declarations were made in connection with working out an agreement with respect to the figure 110 percent of parity which probably left the impression on members of the committee that aside from supporting the Brown amendment, as to which I gave notice, otherwise I would not oppose the parity program set out in that section.

I should like very much to have this new formula developed. It is one of very great interest, and I am very clear that sooner or later the level of agricultural prices must be increased or the level of industrial prices must be reduced. A short time ago I noticed that Mr. Walter Lippmann wrote an article on this subject, which attracted a great deal of attention. I thought the subject ought to be followed up.

There seems to be some controversy as to whether certain figures present here are inaccurate and whether they have been approved or promulgated by the Bureau of Agricultural Economics. But aside from that, there is one other difficulty which disturbs me. If this amendment is adopted, it will take out of the bill as passed by the House the 110 percent of parity as a ceiling below which the Administrator may not go, and the prices as of October 1. That would necessarily throw the whole subject into conference and would open up a very broad field of discussion and consideration. It gives me anxiety. I do not know how the conferees on the part of the Senate or those on the part of the House would feel. It seems to me to be rather risky to open up that subject at this time and in this way.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BANKHEAD. I yield.

Mr. BARKLEY. Without the O'Mahoney amendment the 110 percent would not be in conference, and the October 1 base would not be in conference.

Mr. BANKHEAD. That is the point I make.

Mr. BARKLEY. The adoption of the O'Mahoney amendment would throw the whole question into conference.

Mr. O'MAHONEY. Mr. President, will the Senator yield? There is a great error in that statement which I wish to correct.

Mr. BARKLEY. Please let me conclude my statement. I do not know who the conferees from either House will be, but I should regard it as unfortunate to throw the 110 percent problem and the October 1 date into conference, if that would be the effect. I am inclined to think it would be, because it would set up a different basis.

Mr. BANKHEAD. Mr. President, if I were entirely free from any obligation growing out of the discussion in the committee of which I am a member, and which I think contributed to some extent to the agreement we finally reached in the Senate among the friends of the 110-percent provision, as well as those opposed to it, I think I might vote for the O'Mahoney amendment. But I do not like to do so at this time when, as has been stated, it would throw the whole question into conference.

Mr. O'MAHONEY. Mr. President, will the Senator yield to me?

Mr. BANKHEAD. I yield.

Mr. O'MAHONEY. The Senator is in error. The date of October 1 is in my amendment; therefore the date of October 1 would not be in conference. The only matter which would be in conference would be the wage parity formula upon which my amendment is based.

Mr. CLARK of Missouri. Mr. President, will the Senator yield to me at that point on a parliamentary question?

Mr. BANKHEAD. I yield.

Mr. CLARK of Missouri. While I intend to vote against the O'Mahoney amendment, it seems to me that the Senate should be acquainted with the facts when it votes on the question, in view of the statements which have been made as to what would be in conference. As I understand the bill, the Senate committee struck out all after the enacting clause and inserted new language, in which case, according to numerous decisions of the presiding officers of both the House and the Senate, the whole subject matter of the bill will be in conference.

Therefore, the fact that there may be in the House bill a provision identical with a provision in the Senate bill on one particular subject, makes no difference. The whole broad subject of price fixing will be before the conference. While, as I say, I am opposed to the O'Mahoney amendment, I do not think the Senate should vote on the amendment with the idea that by putting in certain things it would send them to conference, or that by leaving them out they would be settled, because that is not the parliamentary situation.

Mr. BANKHEAD. I am sure the statement of the Senator from Missouri is entirely correct. We have had the same parliamentary question on more than one occasion, particularly when the Agricultural Adjustment Act of 1938 was under consideration.

The point of the matter is that moral pressure and influence, with the declara-

tion of the two Houses on the subject, would have as much effect on one House as on the other.

Mr. O'MAHONEY. Mr. President, will the Senator yield to me at that point?

Mr. BANKHEAD. I will yield in a moment. I have not said, and it is not my thought, that the committee does not have wide discretion. The fact is that the conference on this bill can throw out every word of it and can write in a new bill if the conferees see fit to do so.

I now yield to the Senator from Wyoming.

Mr. O'MAHONEY. Mr. President, of course the statement of the Senator from Missouri is quite accurate. On numerous occasions the ruling of the Presiding Officer of the Senate has been that when everything after the enacting clause is stricken out when the bill comes from this body, the whole subject matter is in conference. That is true.

But, as I understood the Senator from Alabama, the point raised by him was that the date October 1 would be jeopardized, because he was under the impression that it was not included in my amendment. It is included in my amendment.

Mr. BANKHEAD. I knew that.

Mr. O'MAHONEY. So that if the amendment is adopted both the House and the Senate will have adopted the date October 1 as one of the standards; and if there is any moral obligation to be followed by the conferees in addition to any other kind of obligation, they will retain the date October 1. My amendment does not take it out.

Mr. BANKHEAD. I am aware of that. The Senator has two dates in his amendment. There is one date in the House bill; and in the proposed amendment there would be two dates. I did not make my statement in any spirit of hostility. My last statement was that if I did not feel a moral obligation growing out of the action taken in the committee and the declarations there I should feel inclined to vote as the Senator from Wyoming will vote. But under the circumstances and conditions I do not feel that I can do so.

Mr. O'MAHONEY. I understood quite clearly that the Senator from Alabama was discussing the matter from his own personal point of view. I desire to make it clear that I respect the moral obligation which exists. I desire also to make it quite clear to every Member of the Senate that there is no fundamental objection to the amendment, and that all Senators who did not give any pledge or did not give any indication of following the policy are under no obligation to follow the distinguished leader of the farm bloc on this question.

The PRESIDING OFFICER. The question is on agreeing to the modified amendment offered by the Senator from Wyoming to the amendment in the nature of a substitute reported by the committee. On this question the yeas and nays have been demanded and ordered.

Mr. BURTON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BURTON. I understand we have before us the O'Mahoney amendment,

printed under date of January 9. The Senator has accepted some minor modifications. I understand that there is also before us an amendment offered by the junior Senator from Georgia [Mr. RUSSELL]. Will the Chair have the pending amendment stated?

The PRESIDING OFFICER. The modified amendment offered by the Senator from Wyoming [Mr. O'MAHONEY] to the amendment of the committee will be stated.

The CHIEF CLERK. On page 29, after line 4, in the committee amendment, it is proposed to strike out all of section 3, relating to "agricultural commodities," and insert in lieu thereof the following:

SEC. 3. (a) No maximum price shall be established or maintained for any agricultural commodity below either (1) the then current emergency wage parity price or comparable price for such commodity, adjusted for grade, location and seasonal differentials, as determined and published by the Secretary of Agriculture in the manner hereinafter provided in subsection (b); or (2) the market price prevailing for such commodity on October 1, 1941, or December 15, 1941, whichever under clause (1) or (2) is the higher; or (3) the average price for such commodity during the period July 1, 1919, to June 30, 1929.

(b) For the purposes of this act, emergency wage parity prices shall be determined by the Secretary of Agriculture by constructing a combined index in which the purchasing power index now used by the Secretary to compute parity prices shall be given a weight of 80 and a factor representing an index of urban wage rates, as determined by the formula in use January 1, 1941, in the index of wage rates published in The Monthly Review of Credit and Business Conditions by the Federal Reserve Bank of New York, shall be given a weight of 20. This combined index shall have August 1909 to July 1914 as a base period. In applying this combined index the Secretary shall take such steps as in his judgment may be necessary to establish and maintain equitable price relationships, as among all agricultural commodities.

(c) Any maximum price established upon the resale price of any agricultural commodity, or any grade, regional or market classification thereof, or upon the price of any commodity processed or manufactured in whole or substantial part from any agricultural commodity shall not be below a price which will reflect to the producer of such agricultural commodity the emergency wage parity or comparable price therefor as determined pursuant to this section.

(d) Neither the provisions of section 5 nor any other provision of this act shall be construed to authorize any action contrary to the provisions and purposes of this section: *Provided*, That nothing contained in this act shall be construed to modify, repeal, supersede, or affect the provisions of the act of Congress cited as the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provisions thereof, or amendments thereto, which may be in existence or hereafter issued under the provisions of said act.

The PRESIDING OFFICER. The question is on agreeing to the modified amendment offered by the Senator from Wyoming to the committee amendment. On this question the yeas and nays have been demanded and ordered. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. THOMAS of Utah (when his name was called). I have a general pair with the senior Senator from New Hampshire [Mr. BRIDGES]. I transfer that pair to the senior Senator from Montana [Mr. WHEELER], and I make the announcement that if present he would vote as I intend to vote. I vote "yea."

The roll call was concluded.

Mr. McNARY. On this question the Senator from Kansas [Mr. REED] is paired with the Senator from Virginia [Mr. GLASS]. If present and voting, the Senator from Kansas would vote "yea" and the Senator from Virginia would vote "nay."

Mr. HILL. I announce that the Senator from New Mexico [Mr. HATCH] is absent from the Senate because of illness.

The Senator from Florida [Mr. ANDREWS], the Senator from California [Mr. DOWNEY], the Senator from Virginia [Mr. GLASS], and the Senator from South Carolina [Mr. SMITH] are necessarily absent.

The Senator from Montana [Mr. WHEELER] is absent on important public business. I am advised that, if present and voting, he would vote "yea."

The Senator from Virginia [Mr. GLASS] is paired with the Senator from Kansas [Mr. REED]. I am advised that, if present and voting, the Senator from Virginia would vote "nay" and the Senator from Kansas would vote "yea."

Mr. AUSTIN. The Senator from New Jersey [Mr. BARBOUR] is necessarily absent.

The Senator from New Hampshire [Mr. BRIDGES] is absent in a hospital because of a recent hip injury.

The result was announced—yeas 55, nays 31, as follows:

YEAS—55

Alken	Herring	Overton
Austin	Holman	Pepper
Ball	Hughes	Rosier
Bilbo	Johnson, Colo.	Russell
Brewster	La Follette	Schwartz
Brooks	Langer	Shipstead
Bulow	Lee	Smathers
Bunker	McCarran	Spencer
Butler	McFarland	Stewart
Capper	McKellar	Thomas, Idaho
Caraway	McNary	Thomas, Okla.
Clark, Idaho	Maybank	Thomas, Utah
Connally	Mead	Tobey
Doxey	Millikin	Van Nuys
Ellender	Murdock	White
George	Murray	Wiley
Gillette	Nye	Willis
Gurney	O'Daniel	
Hayden	O'Mahoney	

NAYS—31

Bailey	Davis	Reynolds
Bankhead	Gerry	Taft
Barkley	Green	Truman
Bone	Guffey	Tunnell
Brown	Hill	Tydings
Burton	Kilgore	Vandenberg
Byrd	Lodge	Wagner
Chandler	Lucas	Wallgren
Chavez	Maloney	Walsh
Clark, Mo.	Norris	
Danaher	Radcliffe	

NOT VOTING—10

Andrews	Glass	Smith
Barbour	Hatch	Wheeler
Bridges	Johnson, Calif.	
Downey	Reed	

So Mr. O'MAHONEY's modified amendment to the amendment of the committee was agreed to.

DAYLIGHT-SAVING TIME

The VICE PRESIDENT laid before the Senate the amendment of the House of

Representatives to the bill (S. 2160) to amend section 3 of the act of March 19, 1918, entitled "An act to save daylight and to provide standard time for the United States" (40 Stat. 450).

Mr. BARKLEY. I desire to interrupt the consideration of this "farm relief" bill long enough to move that the Senate disagree to the House amendment to Senate bill 2160, request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. WHEELER, Mr. WAGNER, Mr. BARKLEY, Mr. BONE, Mr. WHITE, and Mr. AUSTIN conferees on the part of the Senate.

PRICE CONTROL

The Senate resumed the consideration of the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

Mr. TYDINGS. Mr. President, I have on the desk an amendment which I now offer and ask to have stated.

The VICE PRESIDENT. The amendment offered by the Senator from Maryland to the amendment reported by the committee will be stated.

The CHIEF CLERK. In the committee amendment, on page 33, line 7, it is proposed to insert the following:

Provided, That all appointees receiving \$4,000 a year or more, and all chiefs of regional and State agencies established by the Administrator shall be appointed by the President and confirmed by the Senate.

Mr. TYDINGS. Mr. President, the amendment is quite simple. It merely provides that all regional and State administrators, if any there be, and all persons receiving compensation in excess of \$4,000 a year shall be appointed by the President by and with the advice and consent of the Senate.

It would be useless for me to take the time to explain the amendment. Every one is familiar with it. I should like to say, in support of it, however, that I have heard repeatedly on the floor that this is one of the most far-reaching bills ever passed in the history of the country. It proposes to give to one man the power of life and death over all the economic life of the country; the power to fix the price of everything on the farm, in the factory, or wherever it may be. Certainly if we are going to surrender such vast authority, we should, at least, retain the power to consider who shall administer such a terrific, widespread, and revolutionary proposal, as compared with peaceful times, as the price-control bill is. For that reason, I offer the amendment.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield to the Senator from Kentucky.

Mr. BARKLEY. I am wondering whether the Senator really thinks it is necessary for the Senate to confirm all appointees drawing \$4,000 a year or more who are appointed to serve in Washington? I can understand that there may be some reason why State

administrators, or regional administrators should be confirmed by the Senate, in order to give an opportunity to Senators or others to look into their qualifications in their respective States; but it is impossible to determine, in advance, the number of men who may be brought to Washington for the purpose, generally, of administering this act. So I wondered if the Senator would not be willing to eliminate that provision of his amendment which requires the confirmation of those who are brought to Washington in the administration of the act and are not in charge of any State or regional activity?

Mr. TYDINGS. The Senator from Maryland would like to accommodate the leader in any way he could, but this is what would happen if the suggestion of the Senator from Kentucky were adopted: The most important part of this whole administration will be in Washington, and, as a matter of fact, I think it would be more important to keep an eye on the central agency fixing prices than it would be on regional or State agencies which carry out policies determined in Washington by the central authority. I should be glad to modify the amendment in any way which would allow the Senate to keep reasonable control over the personnel of the administrative and price-fixing authority; the purpose of the amendment is to keep such control; and if I were to accede to the suggestion of the Senator from Kentucky, I am afraid my amendment would amount to nothing.

Mr. BARKLEY. I doubt very much whether the \$4,000 limitation would cover State or municipal administrators, anyway. It seems to me the Senator has placed the figure a little low. Ordinarily, we have fixed \$5,000 as the minimum compensation, although there have been one or two exceptions, requiring confirmation by the Senate of appointments.

Mr. TYDINGS. I had \$5,000 in the amendment as I originally drew it, but several Senators, who knew of the amendment, came to me and asked me to lower the limit to \$3,000. I thought, as the Senator from Kentucky thinks, that that was exercising a degree of control for incidental offices that had nothing to do with the matter of fixing policy per se. So, after talking to them, I persuaded them not to offer an amendment, but stated that I would lower the minimum in my amendment to \$4,000. That is how the \$4,000 figure appears in the amendment. I will compromise with the Senator on \$4,500, and I hope my friends will not blame me for doing so.

Mr. BARKLEY. I am not seeking any compromise about it, and I do not think \$4,500 would make any great difference compared to \$4,000, but, evidently, many men who are experts in this field will have to be employed. They will not be political appointments, I hope; certainly no man's politics ought to take precedence over his qualifications and his experience in regard to the matters involved.

It seems to me that the necessity of having routine senatorial approval of the appointment of everybody who draws \$4,000 a year or over is not of sufficient

importance to justify the effort. So far as I am concerned, if this amendment should be agreed to at all, I should much prefer to have the salary \$5,000 instead of \$4,000. I think that is a reasonable limitation. If we should get down to three or four thousand dollars, we should get down into the region of heads of bureaus or divisions or groups in Washington as to which there is no particular occasion for senatorial scrutiny, unless we are to go all the way down and to say that we will investigate the qualifications of everybody.

I shall not offer any amendment to the proposal—I do not think I shall—but it seems to me \$5,000 would be a more reasonable figure than \$4,000, if the Senate is to agree to this amendment.

Mr. MALONEY. Mr. President—

Mr. TYDINGS. I yield to the Senator from Connecticut.

Mr. MALONEY. I very seriously hope the Senator from Maryland will not be persuaded by the sincere suggestion of the majority leader. I do not know to what extent the columnists are correct; I have not an intimacy with the departments downtown; but, like every other Senator, I read day after day of the overcrowding of defense agencies, of the confusion, of the overstaffing of the forces, of the industrial refugees who have come to us, of the corporate politicians who have taken over. I think the Senate and the Congress have permitted not only excessive salaries but the piling up of governmental expenditures in all these agencies. We have permitted them to get farther away from us all the time.

I am not at all concerned with the matter from a political standpoint; but I think it is extremely important—and I congratulate the Senator from Maryland upon his amendment—that we keep closely in touch with these appointments, if for no other reason than to discourage the constant streaming of people into Washington, many of whom ought to be back home.

Mr. TYDINGS. I thank the Senator from Connecticut for his suggestion. One of the reasons why the amount specified in the amendment was originally fixed at \$4,000, after conferring with other Senators, was so that we could keep a check on the extent of the personnel who would administer this measure. It tended to put the Administrator on notice not to employ more persons than are necessary.

I am with the Senator completely. I was only trying to accommodate my purpose to the views of other Senators. My amendment will remain at \$4,000 unless it is amended at the suggestion of some other Senator.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield to the Senator from Tennessee.

Mr. McKELLAR. I call the attention of the Senator from Maryland to the last four words of his amendment—"and confirmed by the Senate." The wording ought to be "and by and with the advice and consent of the Senate."

Mr. TYDINGS. Certainly.

Mr. McKELLAR. I offer that amendment to the amendment of the Senator from Maryland.

Mr. TYDINGS. I accept the amendment of the Senator from Tennessee.

Mr. CLARK of Idaho. Mr. President, will the Senator from Maryland yield?

Mr. TYDINGS. I yield.

Mr. CLARK of Idaho. May I ask the Senator from Maryland what the effect of his amendment would be as to being retroactive?

Mr. TYDINGS. Frankly, I had not given that matter any thought, but I should imagine that it would be retroactive. When we establish a bureau, everything begins from there.

Mr. CLARK of Idaho. So the appointments of members of the present staff would have to be resubmitted?

Mr. TYDINGS. I think so.

Mr. DAVIS. Mr. President, as we consider the important measure now before us, it is necessary that we keep carefully in mind the main trends of current economic forces that are at work in the life of the Nation. No legislation in itself will solve our price problems. Moreover, legislation of this nature will in itself create additional problems.

In times of peace, price-fixing holds inherent dangers to our American way of life. However, the pressure of war necessities calls for measures much more stringent than we ordinarily contemplate. I have followed very closely the debate on this bill; and, while I cannot accept all its provisions, I realize that some form of legislation in behalf of price stabilization is necessary. Price structures have gotten badly out of hand without it.

In ordinary times, workers in coal and steel are fortunate if they get 9 months' work a year. Many times they do not get that much. Now they are busy all the time; and with increased earning power some stabilizing top must be found for prices if their earnings are not to be completely sacrificed in sky-rocket prices.

The perils of inflation in a war economy constitute a trend of anarchy and confusion inexpressibly great. If we must choose—and the choice seems necessary—between the curbs on industry and agriculture, and the perils of inflation at a later time, unquestionably the choice of the lesser of these two evils must now be made.

As I now view this bill, particularly in the light of the safeguards secured through the Vandenberg amendment, I shall vote for it, although reluctantly, and with the thought that probably some modifications will be required at a later time.

With the view of obtaining facts on this subject, I have requested the Bureau of Labor Statistics of the Department of Labor to prepare the factual background of the present legislation. I have at hand a statement from Mr. A. F. Hinrichs, Acting Commissioner of Labor Statistics, which he has presented to me as a matter of his personal opinion. It does not express the official attitude of the Department of Labor. It does, however, contain many facts which will be helpful to all of us as we weigh the advantages and disadvantages of this legislation. I ask unanimous consent to have printed in the *Record*, as a part of my remarks, the statement of Mr. Hinrichs.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

DEPARTMENT OF LABOR,
BUREAU OF LABOR STATISTICS,
Washington, January 8, 1942.

Hon. JAMES J. DAVIS,

United States Senate, Washington, D. C.

DEAR SENATOR DAVIS: When the war in Europe broke out in August 1939, prices in the United States were at a relatively low level. The Bureau of Labor Statistics index for wholesale prices stood at 75 percent of the 1926 average. This was about the level of wholesale prices in 1934 and represented a substantial decline from the level of 88 in April 1937, reached during the boom of that year.

The cost of living in August 1939 stood at about the average of the period from 1935 to 1939, inclusive, and was about 4.5 percent under the peak level reached in September 1937, when the index stood at 104.3 percent of the average for the period 1935-39.

With the outbreak of the war there was a speculative flurry. A few commodities were affected in the retail market. For example, there was a sharp rise in the price of sugar, which lasted for a few weeks as housewives sought to lay in large stocks. The index for the cost of living, compiled by the Bureau of Labor Statistics, rose from 98.6 in June 1939 to 100.6 in September and declined again to 99.6 in December 1939. The advance from June to September 1939 reflected primarily the sharp advance in food prices. The decline from September to December reflected almost entirely a readjustment of retail food prices to approximately the levels which had prevailed in June. The general index of wholesale prices jumped from 75.0 in August 1939 to 79.1 in September, and reached an average of 79.4 in October before it began to recede. While the speculative flurry in September, therefore, affected both wholesale and retail markets, it was most conspicuous in the wholesale markets for basic raw materials. The Bureau of Labor Statistics index of wholesale prices for 28 basic commodities rose to 127.2 percent of the August 1939 average by September 22, 1939.

From that time until late in 1940 price movements indicated that the markets were readjusting themselves to the war outlook. Prices of basic commodities dropped until in August 1940 they stood only 5 or 6 percent above the average of August 1939. The general level of wholesale prices declined moderately so that in August 1940 the index stood at 77.4 percent of the 1926 level as compared with 75.0 in August 1939. The cost of living as late as November 1940 stood at the average level of living costs for the period 1935-39 and was little higher than it had been prior to the outbreak of the European war.

The general rise in prices in the United States began in the late summer of 1940, when the defense program began to take effect. The index for 28 basic commodities in the wholesale markets rose from 105.5 on August 19, 1940, to 118.0 on November 19, 1940. The general wholesale price index, based on some 900 commodities, rose from 77.4 in August 1940 to 80.8 in January 1941. The cost of living did not begin to rise until November and rose from 100.1 in November to 100.7 in December. The markets for basic raw materials were relatively quiet during the latter part of November and December and experienced some upward movement in January, though most of this gain was lost in the closing days of January and the early days of February. Wholesale markets generally were almost stationary from January to February, as was also the cost of living. In February 1941 a rapid movement of prices got under way which paralleled the rate of advance in World War No. 1. The index for 28 basic commodities rose from 119.2 on February 4, 1941, to 149.5 on June 27, 1941. The rise was almost uninterrupted and repre-

sents one of the longest and most severe increases in basic prices of which any record exists. The rise was interrupted for a few weeks in July and again for a few days in August. However, the fundamental movement in the basic commodity markets continued until the index reached 156.8 on September 13, 1941. The basic commodity markets reacted somewhat in October, but had recovered their September levels by the end of November and the index stood on January 7, 1942, at 162.4.

The wholesale price index of the Bureau of Labor Statistics, based on 900 commodities, has advanced from month to month and almost from week to week since February 1941. In February the index stood at 80.6. It rose to 92.4 by October. The movement from October to November was comparatively small but the wholesale price index for the week ending January 3, 1942, stands at 94.3. This is only one point lower than the average of wholesale prices for the year 1929.

It was in this period of sustained and general price advances that the cost of living began to rise rapidly. The Bureau of Labor Statistics' cost of living index stood at 100.8 in February 1941 and had risen to 110.2 by November 1941. The December figures are not yet available, but will show a further increase. As a matter of fact, since retail prices lag behind wholesale prices, it is inevitable that the cost of living shall continue to advance for several months even after wholesale prices are stabilized.

These movements of prices threaten of themselves to set in motion inflationary forces. The stabilization of living costs is almost prerequisite to a stabilization of wage rates. A rise in the cost of living is in fact a form of indirect taxation which falls especially heavy on the lower income groups. For a family with an income of approximately \$1,500, a 10-percent rise in the cost of living is equivalent to a 10-percent tax on the total income of the family. For a family with an income of \$2,500, a 10-percent rise in living costs results in a somewhat smaller tax on total income, perhaps to a tax of 7½ percent. The difference is due primarily to the fact that families at \$1,500 are forced to spend virtually their entire income for current necessities, whereas families with higher incomes save a portion of their income. The rise in living costs only affects that part of the income which is spent.

A tax of 7½ percent of the total income of a family is a desperately severe tax. In order to lay an equally heavy tax burden through the process of progressive income taxes, it would be necessary to tax that portion of the family's income above \$1,500 and below \$1,600 at the rate of 4 percent, and to advance that rate of tax for each succeeding \$100 until income from \$1,900 to \$2,000 was taxed at the rate of 20 percent. An income between \$2,000 and \$2,500 would then be taxed at the rate of 25 percent. I do not suggest that these are desirable rates of taxation, but if we were to accomplish through direct taxation the sort of thing which happens through rises in cost of living, some such tax schedule would have to be devised. It is inevitable that families subjected to this sort of pressure should attempt to increase their earnings. The stabilization of prices this next year will require strong legislative sanction. The market forces will make for further price increases. The victory program calls for an all-out effort in the production of war materials. In order to accomplish this objective, it will be necessary to stop making many commodities which have ordinarily been sold to consumers and to turn the plants to the production of war materials. There will not be many lines in which it will be possible to increase production for the consumer market. At the same time more people will be employed in 1942 than were employed in 1941. The total amount of consumer pur-

chasing power is therefore likely to be greater, though in the aggregate there will be no more goods for which that money can be spent. If consumers are allowed to bid prices up, we shall be headed for a vicious spiral, because the lower income groups will necessarily have to demand further increases of wages and of purchasing power in order that they shall not be shut out of the market to an unfair extent.

Price control is only part of our problem. It will also be necessary to reduce available consumer spending through the fiscal policy of the Federal Government. I presume that there will be substantial increases of taxes which will have to bear heavily even on families of moderate income. The Treasury's savings-bonds campaign will undoubtedly be extended.

We must also see to it that bottlenecks are not allowed to develop that will unnecessarily prevent the production of goods for consumers. As far as is consistent with the war effort we must maintain the total volume of goods and services available.

Finally, the consumer market will be so tight this next year that it will not be possible for large groups of the population to improve their economic conditions. This is true of farmers and wage earners as well as of other groups. There is serious danger that efforts to secure higher wages or higher farm prices may merely result in pumping additional purchasing power into the market.

Here and there wage increases will be justified by increases in labor productivity or will be made necessary in order to keep the necessary number of workers in areas which have paid low wages. Similarly, the prices of some farm products may have to rise.

If a general upward movement of wages is to be prevented, however, it will be necessary not only to assure workers that there will be no substantial increases in the cost of living. It will also be necessary to eliminate extraordinary profits arising from the war. The third quarter earnings, as published by the National City Bank of New York and others, indicate that the earnings of many corporations, even after allowance for taxes, are running at levels which permit the corporations to pay higher wages than are now being paid. So long as such a situation is permitted to continue, it must be assumed that the workers will seek a share in the profits. The most that could possibly be suggested would be that they should take their share of profits in the form of Treasury savings bonds rather than in the form of straight cash payments. Furthermore, since a general stabilization of wages would keep many families at a relatively low-income level, it would be necessary in order to justify this measure to have very sharply progressive income taxes from the \$1,500 income level up.

Price control and price stabilization is therefore only one of the measures which needs to be adopted this next year in order to prevent a continuation of inflationary movements. It is, however, a measure of fundamental importance and should probably be taken before other steps that may become necessary.

This letter is written in response to your request that I give you my ideas with respect to inflationary forces now at work in our economy. I should prefer that you regard it as an expression of my personal opinion rather than as expressing the official attitude of the Department of Labor. I hope this is of service to you.

Very sincerely yours,

A. F. HINRICHs,
Acting Commissioner of Labor Statistics.

Mr. DAVIS. Mr. President, I shall vote for the passage of the bill.

Mr. BROWN. Mr. President, if I were to follow my own inclinations on this matter I should oppose the amendment

of the Senator from Maryland, because I do not believe that in the case of a temporary agency which has an outside life of a year and a half, senatorial confirmation should be required. But I bow to the sentiment of many Senators as here expressed, and will accept the amendment and take it to conference, and there see what we can do with the Members of the House, who heretofore on similar matters have not been particularly favorable to this type of amendment on an emergency matter. But I recognize, in view of what has been said by Senators, that that probably is the best disposition to make of it.

Mr. TYDINGS. Mr. President, inasmuch as the amendment must go to conference, I ask the Senate to give us a record vote on it, so that it will not be considered as an individual proposition, but rather as the action of the entire Senate.

I ask for the yeas and nays on my amendment, as modified.

The yeas and nays were ordered.

The VICE PRESIDENT. The clerk will call the roll.

The Legislative Clerk proceeded to call the roll.

Mr. THOMAS of Utah (when his name was called). I have a general pair with the senior Senator from New Hampshire [Mr. BRIDGES]. I transfer that pair to the senior Senator from Montana [Mr. WHEELER], and will vote. I vote "yea."

The roll call was concluded.

Mr. McNARY. The Senator from Kansas [Mr. REED] is unavoidably detained. If present, he would vote "yea."

Mr. HILL. I announce that the Senator from New Mexico [Mr. HATCH] is absent from the Senate because of illness.

The Senator from Florida [Mr. ANDREWS], the Senator from California [Mr. DOWNEY], the Senator from Virginia [Mr. GLASS], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from South Carolina [Mr. SMITH] are necessarily absent.

The Senator from Montana [Mr. WHEELER] is absent on important public business.

Mr. GILLETTE. My colleague [Mr. HERRING] is unavoidably detained. I am advised that if present and voting, he would vote "yea."

The result was announced—yeas 72, nays 12, as follows:

YEAS—72

Aiken	Gerry	Radcliffe
Austin	Gillette	Reynolds
Bailey	Gurney	Rosier
Ball	Hill	Russell
Bankhead	Holman	Schwartz
Bilbo	Hughes	Shipstead
Bone	Johnson, Colo.	Smathers
Brewster	Kilgore	Spencer
Brooks	La Follette	Stewart
Bulow	Langer	Taft
Burton	Lee	Thomas, Idaho
Butler	Lodge	Thomas, Okla.
Byrd	Lucas	Thomas, Utah
Capper	McCarran	Tobey
Caraway	McKellar	Truman
Chandler	McNary	Tydings
Clark, Idaho	Maloney	Vandenberg
Clark, Mo.	Maybank	Van Nuys
Connally	Mead	Wagner
Danaher	Millikin	Wallgren
Davis	Murdock	Walsh
Doxey	Nye	White
Ellender	O'Daniel	Wiley
George	Overton	Wills

NAYS—12

Barkley	Green	Murray
Brown	Guffey	Norris
Bunker	Hayden	Pepper
Chavez	McFarland	Tunnell

NOT VOTING—12

Andrews	Glass	O'Mahoney
Barbour	Hatch	Reed
Bridges	Herring	Smith
Downey	Johnson, Calif.	Wheeler

So Mr. TYDING's amendment, as modified, to the amendment of the committee, was agreed to.

Mr. GEORGE. Mr. President, I desire to call up an amendment which has been printed. I desire also to modify the amendment, but the modification is merely as to language. I had used the word "ceiling," following an amendment which was in the original House bill, but the word "ceiling" had been supplanted by the words "regulation or order," and I have modified the language of my amendment. I think there will be no objection to the amendment, and I desire to offer it at this time.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 24, line 11, it is proposed to insert the following after the period:

Before issuing any regulation or order under the foregoing provisions of this subsection the Administrator shall, so far as practicable, advise and consult with representative members of the industry which will be affected by such regulation or order. In the case of any commodity for which a maximum price has been established, the Administrator shall, at the request of any substantial portion of the industry subject to such maximum price, regulation, or order of the Administrator, appoint an industry advisory committee, or committees, either national or regional or both, consisting of such number of representatives of the industry as may be necessary in order to constitute a committee truly representative of the industry, or of the industry in such region, as the case may be. The committee shall select a chairman from among its members, and shall meet at the call of the chairman. The Administrator shall from time to time, at the request of the committee, advise and consult with the committee with respect to the regulation or order, and with respect to the form thereof, and classifications, differentiations, and adjustments therein. The committee may make such recommendations to the Administrator as it deems advisable.

Mr. GEORGE. Mr. President, I think the distinguished Senator from Michigan, in charge of the bill, is familiar with the amendment. This amendment was inserted originally by the House committee. Subsequently, an amendment transferring the administration of the act to a board of five was adopted, and this provision was apparently left out because of that fact. But since the Price Administrator is a one-man board again, I have offered the amendment.

The amendment would not place any obligation upon the Price Administrator to follow it. It would not interfere with the Price Administrator's power to make a peremptory order, as is provided subsequently in the bill, which must within 60 days, however, be revised. It merely gives to any industry affected by an order of the Administrator the right to ask him to designate a representative committee of the industry and

to consult with that committee. There is no command that he follow the recommendations of the committee. The amendment is purely advisory. The primary purpose in offering the amendment is exactly the same as the reason which I had in my vote yesterday on the Bankhead amendment; that is, that the ultimate success of this important legislation will depend upon the spirit of cooperation with which the industries of the country cooperate with the Price Administrator.

Since the old N. R. A. days, industry has been accustomed to deal with the administrators through their own committees, and while they have no power to bind, they have the power to present, and they have a recognized standing which permits them to present to the administrators their views on any order they may make.

I hope very much that the Senator from Michigan will be willing to accept the amendment.

Mr. BROWN. We might have a little discussion back and forth. I have the amendment before me, but I am not familiar with the change the Senator has made in it.

Mr. GEORGE. The only change is that where I used the word "ceiling" in the original amendment, I have substituted the words "regulation or order," and in order to make it perfectly clear that the Administrator may act in fixing a price in the first place, without even asking any advice, or consulting with any industry committee, this provision is made applicable only to a permanent order or regulation of the Administrator. So that he would not be embarrassed if he found it necessary tomorrow to place a price limitation upon some commodity. He might do so under the emergency clause contained in the bill, with which the Senator is entirely familiar. But when he fixes the permanent order then the industry committee may submit such facts as it desires to submit to the administrator.

Mr. BROWN. I will say to the Senator from Georgia that I think his amendment will provide a very helpful aid to the administrator, and I am satisfied with the wording of the amendment as the Senator offers it.

I think I should say that the Senator from Minnesota [Mr. BALL] has a similar amendment.

Mr. GEORGE. I was about to say that the Senator from Minnesota [Mr. BALL] has a similar amendment, and I have conferred with him, and the changes made in my amendment were made upon his suggestion.

Mr. BROWN. I understand.

Mr. GEORGE. Because I had used the words "price ceiling" as the words were originally used in the House bill.

Mr. BROWN. The Senator from Minnesota is a member of the committee, and discussed the matter in committee. Does the Senator from Minnesota feel the amendment is in satisfactory shape?

Mr. BALL. Yes. It is the same amendment I offered in the committee, with the addition of the provision for industry committees.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Georgia [Mr. GEORGE] to the committee amendment.

The amendment to the committee amendment was agreed to.

Mr. TAFT. Mr. President, I offer an amendment, which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 32 it is proposed to strike out lines 17 through the period in line 23 and to insert in lieu thereof the following:

SEC. 201. (a) There is hereby created an Office of Price Administration, the powers of which shall be vested in a board to be known as the Board of Price Administration (referred to in this act as the "Board"). Such Board shall be composed of five members, who shall be appointed by the President, by and with the advice and consent of the Senate. The term of said members shall continue during the period while this act is in force, except as otherwise provided by law. Each member of the Board shall devote his entire time to the duties thereof and shall receive a salary at the rate of \$10,000 a year. Three members of the Board shall constitute a quorum. The President shall designate one member as Chairman and Price Administrator (referred to in this act as the "Administrator"). The President in his discretion may appoint as one or more members of said Board any Assistant Secretary of the Treasury, any Assistant Secretary of Agriculture, any Assistant Secretary of Commerce, and any Assistant Secretary of Labor, and, if directed by the President, any such appointee may retain his office without salary or obligation while serving as a member of the Board, and shall automatically resume the duties and salary of said office on the termination of his duties as a member of the Board. The President may also appoint as unofficial members of said Board any officers of the United States Army or the United States Navy and any other Government official or officials. Such appointees shall be entitled to sit with the Board at all meetings and hearings, but shall have no vote, and shall receive no salary other than that they are already receiving when appointed.

Make such other appropriate changes in the bill where the word "Administrator" appears as are made necessary by the creation of a "Board."

Mr. TAFT. Mr. President, I have voted against two amendments which were offered with regard to parity, for the reason that I felt we could not except one group from the general price-control provision without breaking down the entire price-control procedure. I feel that those amendments were adopted because the friends of the farmer feel that he must be protected against the arbitrary action of a single price administrator.

I feel that the same objection which has been made in behalf of the farmer applies to every business interest in the United States, and to every other individual in the United States. I do not see how we can help granting to somebody in the Government unlimited power, and it is a power which is absolutely the power of life and death over many industries in the United States.

Yesterday morning we heard of an order which was issued by Mr. Nelson at Mr. Henderson's request, regarding the automobile dealers, which provided that on the 1st of January their business shall

come to an end, and 44,000 dealers, without any hearing on the question, are suddenly condemned to bankruptcy and extinction, and with them 500,000 employees in their particular industry.

The objection which the Senate by the adoption of these amendments has made to arbitrary action with respect to the farmers, applies to every other industry and to every other business in the United States.

The price-fixing function is not an administrative function. The question what the price is to be is partly a judicial and partly a legislative question.

Under the present procedure what happens is this: The Price Administrator issues an order, and after it has gone into effect, perhaps 60 days later, he gives someone a hearing on the question of whether the order is just or is not just. No one is going to get a hearing under such system. In the first place, a hearing conducted by one man is much more of an argument than it is a hearing. It always develops into an argument. That man has made up his mind on the basis of facts which have been placed before him. He has made up his mind on the recommendation of some assistant, and his mind is not easily changed.

Yes; Mr. Henderson's mind was changed by the Senator from Michigan [Mr. BROWN] and the Senator from Alabama [Mr. BANKHEAD], who went to see him about the cottonseed-oil order; but once the bill is passed, that kind of pressure never again can be brought. Ordinarily an individual, I do not care who he is, is not going to change his mind. If a real hearing is to be had, others must conduct the hearing.

Furthermore, after 60 days no man is going to open up a question previously decided. He has gone on from the commodity in question to a consideration of other commodities. He is too busy making new decisions to go back and open up something which took place 60 days ago.

Furthermore, a price fixed for 60 days is pretty well established. It is not possible to go back and unscramble the eggs. It is not like a legal case. It is not like the case of a prosecution of someone, in which the decision can be reversed in the upper court.

In this case the thing is done, and I doubt if it can ever be undone, and the only way it should be done is to have it done right in the beginning, and not 60 days later. I propose, therefore, that there be established a board of five men to determine the question.

A hearing was had before the Committee on Banking and Currency, and every witness who appeared before our committee, with the exception of Mr. Henderson himself, testified in favor of the establishment of a board. Every business association in the United States is in favor of the establishment of a board. The economists who appeared before the committee favor the establishment of a board. Mr. Herbert Hoover, who has been referred to by the proponents of the bill, and particularly by the Senator from Alabama [Mr. BANKHEAD], testified in favor of a board.

Mr. Baruch in the World War was the price fixer in one great field of commod-

ities, and after he had exercised the power for a while he created a price-fixing committee, to which could be referred the judicial question of the point at which price should be fixed. Mr. Hoover himself testified, and I myself remember also, that every time a basic question came up of what a price ought to be he created a committee to go into the question and decide it, and he abided by the decision of the committee.

Mr. President, I care not who the individual is, I say that an individual cannot give a judicial hearing in a matter of this kind. He can administer. The Administrator is to be a member of the Board I propose to create. He would sit in on the meetings of the board.

I may say that the House of Representatives, by a decisive majority, voted in favor of a board of five men, but that board is a board of appeals. The House provided that 60 days after Mr. Henderson has fixed the price a Board may reverse him. I do not believe that is a desirable kind of Board. I gathered from his testimony before the committee that Mr. Henderson meant that the other kind of board would be a better board, because he could participate in the decision. If there were a board, a man would have a chance to have someone appear before the Board in his behalf. Industry would have a chance to have someone on the inside presenting its case, if it had a case worthy of any consideration at all.

There are plenty of instances, with relation to this very administration, to show how a one-man proposition works. I take only a few, from newspapers and otherwise.

With regard to the National Retail Hardware Association, I read the following account:

On December 13, 1941, Price Administrator Henderson issued order 49 governing resale prices of iron and steel products. The order became effective December 15. It was published in the Federal Register on December 16. Presumably newspaper releases were issued at the same time.

This order, perhaps unintentionally, established maximum prices in approximately 40,000 retail establishments; in addition to other thousands of wholesalers. These retail establishments are scattered over the entire country. The majority are in small towns and villages. The majority do not even know that the order has ever been issued. Yet they may be in violation, and under the proposed bill could be proceeded against.

When ignorance of the order was drawn to the attention of an Office of Price Administration employee, he is reported to have said:

"It was published in the Federal Register and newspaper releases were issued. That should be sufficient notice."

With regard to the manner in which lumber prices were fixed, I read from the New York Times of January 24, 1941:

Leon Henderson, National Defense Commissioner, shook the "big stick" of possible Government control in the face of the lumber industry today with a direct threat of price control and conscription of needed requirements if the price of ordinary lumber was not quickly reduced. Heretofore official statements suggesting that prices of some commodities were too high have been issued by the National Defense Advisory Commission. Mr. Henderson appeared before a meeting of the Lumber and Timber Products De-

fense Committee and told the lumber spokesmen:

"I have had all of the arguments, excuses, and explanations that I want, and a damned sight more than I need."

The gist of this statement was a warning that \$25 a thousand board feet was a fair price for No. 2 southern pine, such as the Government uses in cantonment construction, and that the current quotation of \$31.25 was unnecessary and unreasonable. When he had finished talking Mr. Henderson walked out of the meeting, disregarding an explanation which M. L. Fleishel, chairman of the committee, tried to make about the price situation.

I think the Senate might be interested in the kind of hearing that was held in connection with the oil industry in September:

Prior to June 7 of this year, Standard Oil Co. of California had increased the prices which it paid to producers of crude oil in California for various grades of crude oil in the different fields. Upon Standard's announcement of its action, other purchasing companies had followed suit. Thereafter Henderson telegraphed Mr. Collier, president of the company, to restore the preexisting prices. When he protested, Henderson announced that he would hold a hearing in San Francisco on June 7 and invited the Standard Oil Co. to be present. Other purchasing companies were also invited. Word of the hearing got around, particularly among the interested producers.

It is the small businessman who usually does not obtain a hearing. The amendment of the Senator from Georgia [Mr. GEORGE] may obtain a hearing for the industry, but the small fellows do not know anything about it.

They came in from the oil fields on the morning named. I did not go out to the hearing until just a short time before the hearing. I found the doors locked and the halls filled with profane producers. According to their story, they had gone into the room and sat down. Henderson's representatives appeared, asked them who they were, and, upon learning that they had not been invited to the hearing, ordered them to leave. They refused to do so. The police were called to put them out. The doors were locked. While we were talking, we saw through the transom the flashes of photographic bulbs. Naturally, this did not tend to appease anyone. In due time, the door was opened, and the announcement made that since the room was small, only those who had been invited could enter. The names of the companies were called in turn, and their representatives admitted. Subsequently, I saw in the room some of the irate producers, and assumed that they were admitted in one way or another. Possibly Henderson's representatives changed their minds and admitted some of them. Dr. Galbraith, who, I understand, is one of Henderson's leading assistants, presided. With him was a pleasant young man by the name of Shaughnessy, and a reporter, and various assistants, etc. The hearing lasted all day, with testimony from representatives of the oil companies, numerous figures, and documentary exhibits, etc. The Standard man was first. Toward the end of the day, when the oil companies had submitted all they cared to say, Dr. Galbraith handed to Shaughnessy a written decision prepared apparently before they left Washington and, pleading illness, asked Shaughnessy to read it. It was simply a reassertion of Henderson's original demand on Standard. The meeting broke into an uproar. There were cries of "Hitler," "Nazi," and similar expressions. One of the producers made a hot speech. Dr. Galbraith attempted to reply, perhaps in an academic

vein. His reply was interrupted by unprintable interjections from the audience. At any rate, the close of the meeting was rather informal.

I do not think Mr. Henderson is different from any other administrator. When one man has the job of giving a hearing, there is no hearing. Particularly, the smaller fellows do not obtain a hearing. I do not know whether the automobile dealers would ever have obtained a hearing if the Senator from Montana (Mr. MURRAY) had not called together the little business committee and requested Mr. Henderson to appear before it and listen to the automobile dealers.

Of course, in wartime we must move fast; but I see no reason why a board cannot move as fast as an individual. We provide in the bill that a temporary order may be issued, good for 60 days, to hold the price where it is while we go on and have our hearing. I believe that would afford every protection needed. This is not like winning the war tomorrow. This is not a military matter. This is a matter of working out a long process of price control, which will last for three or four years. It would not hold things where they are, anyway. If we can prevent prices from increasing more than 10 percent a year, or 50 percent in the course of the war, we shall have done an extraordinary job. I do not think we can do that well.

There is no hurry which would justify the arbitrary extinction of some business or the arbitrary crucifixion of some small businessman who had not had an opportunity to present his side of the case.

Germany is probably about as totalitarian a country as there is. I should like to read to the Senate a statement by Dr. Julius Hirsch, who was administrator of price control in Germany during the last war, as to the desirability of hearings. Dr. Hirsch said this:

It is always reasonable and proves to be desirable in the long run to fix prices or wages only after very complete, perhaps elaborate, hearings for the interested parties. Even in Germany's first war economy some attempts to fix prices without hearing the interested parties soon proved to be inefficient. Later, even when the cost calculations of all plants of an industry had been examined by certified public accountants, a price was never fixed without giving the representatives of the industries involved the opportunity to discuss their views at length.

* * * Without hearings there is no way of overcoming the natural doubt and suspicion of interested parties as to the impartiality and objectivity of the price-fixing authorities.

In the cases to which I have referred the unfortunate result is not so much the injustice which is done as the shaking of the morale of the people and their confidence in the fairness and justice of the United States Government.

Suspicion can be avoided only when the interested parties through their own representatives learn, as exactly and completely as possible, the facts and the reasons upon which the authority has fixed prices. Otherwise it would always be assumed that someone got something for himself through personal contacts. Public confidence in the impartiality of governmental regulation is much more needed in war or emergency times than under normal conditions. That confi-

dence is sorely needed if emergency laws are to be loyally obeyed and executed by all subject to them.

Certainly if that is a principle which was applied in Germany during the World War, it is a principle which ought to be applied in the United States today.

There is one other claim. I do not need to refer to the numerous cases in which witnesses before our committee testified that in their opinion there ought to be a board, and that there ought not to be a single administrator. I think the distinction is well stated in Mr. Hoover's testimony.

In view of the farm situation, let me say that Mr. Brenckman, the head of the National Grange, appeared before the committee and said:

We believe that if the present bill is to pass it should be so amended as to provide for a board to control prices, with a chairman appointed by the President. In the nature of things, the people would have more confidence in the judgment of a well-selected board than they could possibly have in the judgment of one man. Then again, under one-man rule there is the constant danger that unwise or mistaken policies, neglect, or a desire to conduct social experiments could result in irreparable damage. This danger would be lessened by the creation of a board.

Mr. Hoover explained his own power. So far as he had any real power to fix prices, it was an individual power. He said:

I am a convinced adherent of a single-headed responsible administrator for all executive functions. Likewise, I believe we should use boards or commissions for quasi-legislative and quasi-judicial functions and should separate these functions sharply from administrative functions and personnel. Boards and commissions cannot do sound administration, especially under war pressures. Because no one had experience with total war organization before World War No. 1, we had all these functions badly mixed at that time. * * * The Food Administrator had all the functions of administrator, quasi-legislator, and quasi-judge. I dissolved many of these conflicting functions by creating advisory committees from among the citizens, who checked upon regulations and who determined prices. We got by, but experience showed that these functions should be separated. * * * There should be an independent board for final decisions, for review, and for appeal in these fields.

The last argument made is that we must have a single control. If we could have a single control, I do not know that I should object. But we do not have a single control under the bill as the committees have reported it. What we have is a single administrator over prices; but it is far more essential, according to the witnesses, to coordinate the priorities and the buying and selling of wheat, let us say, with the fixing of the price of wheat, than it is to coordinate the fixing of the price of wheat with the fixing of the price of steel. No matter what the set-up is, we shall have a division of authority either vertically or horizontally. So this man is no over-all economic controller; he is no over-all commodity controller; but in that one field he is an absolute czar, and he is a czar practically without appeal to anybody, any board, any court, or anybody else in the Government of the United States.

So the only way in which we can coordinate these powers, it seems to me, is for either the President himself or some one immediately under him, like the S. P. A. B., the kind of board he has created for a somewhat different purpose, to coordinate the action of all those who are in. This board is not going to have any single head. In fact, the committee I propose has a representative from the Department of Agriculture, one from the Department of Commerce—Jesse Jones, who does most of the buying and selling and does most of the control of metals—a representative from the Department of Labor, in order that the consumer and the wage-earner may be represented, and a representative from the Department of the Treasury, because this is only part of a wider inflation control, and we should at least secure some coordination between the various departments of the Government.

Why was the amendment of the Senator from Alabama [Mr. BANKHEAD] adopted yesterday? Largely because Mr. Wickard came before our committee and said there was not proper consultation between Government departments, because he did not know what action Mr. Henderson was proposing to take with regard to lard prices; he knew that something was in the wind, but he could not find out what it was, and he did not know what action was to be proposed.

The board I propose will not only afford a hearing to every class of persons in the United States, but it also will coordinate the action and thought of the departments having to do with commodities.

So, Mr. President, it seems to me that the kind of price control worked out under this kind of a board will be infinitely better thought out, perhaps a week later, if in the meantime we hold the price; but when it is done it will be done in a better manner, in a sounder manner, in a manner which can be enforced, and in a manner which will meet with the approval and secure the confidence of the people, the businessmen, the industries, and the farmers of the United States.

Mr. LODGE. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. LODGE. The Senator from Ohio has heard a great deal said about the importance of having unified control of various phases of the war effort; and I believe that he, like myself, has favored unified control of the production of war materials. I should like to be enlightened by him with regard to how his amendment relates to the general proposition, which I believe is very widely accepted, that there should be unified control, that that control should be made responsible, and that if it does not work we should be able to get rid of the individual and replace him with another individual who will have control.

Mr. TAFT. My answer is this, very clearly: We would not have an individual be the Supreme Court of the United States. I do not think anyone thinks that a judicial process should be controlled by an individual.

I do not think anyone proposes that one man should be the Congress of the

United States. We think that a legislative process should be one in which everyone has a chance to be heard. In the quotation which I read from Mr. Hoover, he very clearly points out the distinction between administration, between carrying out a law, and the legislative or judicial function involved in fixing prices. The administrator appoints all the men and controls the operation of the food-control or price-control; but when the question arises as to what should be the price of wheat, whether it should be \$1 or \$1.10, or \$1.20, that is not an administrative question. I think it is technically a legislative question. It partakes very largely of judicial characteristics. We could, of course, carry to an extreme the principle suggested by the Senator from Massachusetts. We might say today, "We will abolish the Congress. We will abolish the courts. In order to carry out this war effectively, we will give all the powers there are to the President of the United States."

Certainly I should oppose any such plan. I think it would involve a suspension of fair play, a suspension of justice in the operation of the war, which in the end would do far more damage to the success of the war than if we maintained those functions largely unimpaired. When the matter is a question of detail, when we cannot pass on it ourselves, but are delegating to someone else the authority to make decisions, I think the authority should be delegated to a board in which different groups are represented, in which the persons who appear before the board feel and know that they will get a judicial hearing, a hearing from men whose minds have not yet been made up. As long as we have a single administrator, his mind will be made up before the hearing starts.

Mr. LODGE. In other words, the Senator draws a distinction between fixing prices and supervising the industrial production effort, for example?

Mr. TAFT. They are very different indeed. The question "Shall I give a contract to so-and-so, and can we have certain things made?" is a single thing. Here is a function which affects 130,000,000 people at one time. One regulation affects 130,000,000 people throughout the entire United States. It is exactly the same kind of function that the Senate exercises when a law is passed in this legislative Chamber. It is a very different function from having 100,000 airplanes manufactured in a year.

Mr. LODGE. What does the experience of the World War teach us on this point?

Mr. TAFT. The Senator perhaps was not here when I mentioned that matter. Mr. Hoover's testimony is that he had all these powers scrambled together, but that he created committees to which he delegated the power of fixing prices. Mr. Baruch for a while fixed prices, and at the end of the war and for some 6 months before the end of the war he established a price-fixing committee which did the fixing of prices even in his field. He is perhaps the strongest advocate of a single administrator, and yet he himself, after he had the power, cre-

ated price-fixing committees which actually carried out that particular function.

Mr. LODGE. And without undue delay?

Mr. TAFT. I never heard any criticism whatever of delay against either the Hoover committee or the Baruch committee during the war. An order is to be made in 60 days; the committee would have to decide on a permanent price before the end of 60 days; and the committee could act, if it wanted to, just as a Senate committee or a House committee can act, very promptly, on very short notice.

Mr. BROWN. Mr. President, I regret that I feel impelled to oppose the amendment proposed by the Senator from Ohio [Mr. TAFT]. Much of the work in the committee by which this bill was put in the shape in which it was reported was the work of the Senator from Ohio. Many valuable suggestions were made, and many amendments were proposed by him and accepted by the committee. Both he and the junior Senator from Connecticut [Mr. DANAHER] were of great aid to us, and I wish to pay both those Senators tribute for the manner in which they helped us put this bill in the shape it was when it was reported to the Senate. Of course, it has been materially changed, but this is a hot subject and a hot controversy, and I am a little comforted by the fact that our bill is not nearly so badly "shot up" as was the House committee's bill when it reached the floor of the House of Representatives.

So I say, because of the great assistance and aid the Senator from Ohio gave us, and because of his experience in the administration of this problem during the World War, I dislike to oppose his amendment. However, it was defeated in committee, and those in charge of the administration of the matter at the present time feel more strongly upon this particular subject than any other.

The President has written the majority leader of the Senate urging that we retain one-man control. I myself think it is vital to the success of this program.

During the World War, which is the only experience we had in this respect, there were three price administrators—Mr. Garfield, who controlled the prices of fuel, coal, oil, and so forth; Mr. Hoover, who controlled food; and Mr. Baruch, who controlled war materials. Each of those administrators was a single administrator unencumbered in any way by a board. Mr. Hoover says, on page 414 of the Senate committee hearings:

Because no one had experience with total war organization before World War No. 1, we had all these functions badly mixed at that time. In that war every single administrative board blew up in disagreement and delay sooner or later. President Wilson finally solved these troubles by, in effect, making the chairman the whole board. That was the case of Mr. Baruch in munitions, Mr. McCormick in war trade, and Mr. Hurley in shipping. On the other hand, in the case of the industrial raw materials and munitions, it was finally necessary to separate the price question under a board headed by Mr. Brookings. The Food Administrator had all the functions of administrator, quasi legislator, and quasi judge.

Each one of these three main functions, war materials, fuel, and food, was controlled by one single administrator.

The testimony of Mr. Henderson, based upon his experience over the past several months, is to the same effect. I do not think that a price established, for example, by a 3 to 2 vote or a 2 to 1 vote by a board would be readily accepted. This is a case where we must substitute the judgment of one man, an administrator, for the judgment that has heretofore been given to those who fix the prices of food, of manufactured products, and the products of their industrial establishments. This is a case where we have to give up rights which we have heretofore enjoyed and turn them over to the Government of the United States.

Based solely upon the experience of Mr. Hoover, upon our experience in the World War, we, in the committee, thought that it was most vital that we should retain one-man control. The purpose of the Taft amendment is to substitute a board for one man. I sincerely hope that the amendment will be rejected and that we will retain in the bill the provision as now written.

Mr. BARKLEY. Mr. President, I do not intend to argue this amendment. I presume it is probably the last important amendment to be offered before the final vote on the bill.

Mr. BANKHEAD. I have another amendment to offer.

Mr. BARKLEY. I did not know that, but the amendment now pending is one of the most controversial in character.

We have tried in this bill to protect people who may have any complaint against a single administrator by setting up a special board of appeals, drawn from the Federal bench to act upon matters as to which the administrator may have exceeded his authority or as to which there may be any legal question involved. It is a case in which it is not possible to have administration by a town meeting. We can very well anticipate that if a board of five reached a decision by a vote of three to two, there would be a very strong incentive for the two in the minority to go before the public and attempt to justify their action by public statements or by further discussion, so that there would be the possibility, indeed, the probability, of having not only a divided board but, by reason of that a divided public opinion as to the wisdom of the action that might be taken by the board.

It seems to me that, in this crisis, when we are all seeking to concentrate power in the hands of some one man and hold him responsible so that we can point the finger at him and say, "Thou art the man," if anything goes wrong, we ought not divide this authority up and create a board which might, in the end, be a debating society, without unanimous action, and create more trouble and delay. Therefore, I hope the amendment will be rejected.

The PRESIDING OFFICER (Mr. CHANDLER in the chair). The question is on the amendment offered by the Senator from Ohio [Mr. TAFT].

Mr. TAFT. I ask for the yeas and nays.

Mr. CLARK of Missouri. Mr. President, I will detain the Senate only a moment on this matter, but I feel that I should like to express my opinion about the amendment of the Senator from Ohio, and, incidentally, on the present state of the bill.

Mr. President, this is a bill which is absolutely, or should be absolutely and peculiarly, a war measure. As I see it, the only justification for the Government of the United States ever to authorize a policy such as price fixing, which is entirely alien and antagonistic to our whole theory of government and of business and of our way of life, is as a war measure.

Mr. President, if it is to be adopted as a war measure, it should be put upon a war footing. We have authorized and directed the President of the United States to conduct a war, an all-out war, a war going to the utmost lengths against the powers with whom we are in disagreement and at war. We have pledged the faith of Congress and the American people to back up the President in that war. If the only justification for the passage of this bill at all is that it is a war measure, then it should be treated upon the war principle.

I dare say that a year ago a measure for price fixing would not have received a corporal's guard of votes in this body. I undertake to say that if war had not been declared we would have nothing like the unanimity, even in the consideration of this bill, that we now have. We have unanimity in the consideration of the bill, although, unfortunately, we have had a great lack of unanimity in regard to the various provisions which have gone into the bill. But if this is a war measure, it would be just as fair, just as reasonable, in my opinion, to propose a commission to act as commander in chief of the Army, to propose a commission to act as commander in chief of the Philippine Islands, to propose a commission to act as commander in chief of the Pacific Fleet or the Atlantic Fleet as to propose the provision which is now under consideration.

Mr. President, my objection to the bill originally was not that it went too far, but that it did not go far enough; not that it included agriculture as well as industry, but that it did not also include wages and rents. My theory is that there should be an over-all control of all the elements going into the fixing of prices, and that no less control will be effective.

As a matter of course, I am merely following the views of such great exponents of price-control in time of war as Mr. Bernard M. Baruch. I was willing, however, to vote for the bill as it came into the Senate Committee on Banking and Currency, because I believed that leaving certain elements out of the price control would so speedily demonstrate the necessity for putting them in that once the system was established they might be brought in.

Mr. President, the bill has been completely emasculated in the Senate. The bill reported from the Senate Committee

on Banking and Currency—a much improved bill over the measure as it passed the House—has been completely emasculated by the removal of the agricultural elements, in addition to the elements which were already left out. Upon the adoption of those amendments, it was my first impression as to my duty to vote against the bill in its emasculated form; but, in view of the fact that as a result of striking out all after the enacting clause and sending the bill to conference the whole subject matter will be before the conferees for review, I think it is the duty of the Senate to send the bill to conference, afford the conferees an opportunity to improve both the Senate measure and the bill as it passed the House, and then take final judgment on the bill as it is reported from the conference committee.

For that reason I intend to vote for the passage of the bill; but I believe that to establish the principle embodied in the amendment of the Senator from Ohio would be to make the bill worse than nothing at all. In other words, unless we can have some responsibility; unless we can say to the President, "This is an Executive function; it is not a legislative function; it is not a semijudicial function"; unless we can say, "We will give to you what you have asked for; we will give to you an efficient deputy who has your confidence," I believe it would be better not to pass the bill at all; and I very sincerely hope the pending amendment will be defeated.

Mr. TAFT. Mr. President, I entirely deny the parallel which the Senator from Missouri has drawn between the Army and the administration of price control. As a matter of fact, they have no relation whatever. Price control is based on the war power; but I say now that if we are to say, simply because a measure is passed for war purposes, that we are to deprive the people of the United States or individuals of their right under the Constitution to be heard, if we are to say that they shall have no means of getting justice, then I think we shall have gone a long way, and that we might just as well suspend the Senate and the Congress of the United States. It is not true. It is just as important; and I read even from the Germans, who say it is more important in time of war to see that people have their rights and are permitted to be heard than it is in time of peace, because if we are simply to put people under the arbitrary administration of a single man, the people very soon will be dissatisfied with that administration, and we shall not have anything like support for the real war effort.

This thing can be done if we get people to cooperate, if we give them a chance to be heard, if we listen to them, if we take into consideration the things they can present which no administrator can know. We have heard that Mr. Henderson does not know anything about the farm business; that he does not know anything about the automobile business, or any other business; that he has been an economic adviser.

Mr. BREWSTER. Mr. President—
The PRESIDING OFFICER (Mr. CHANDLER in the chair). Does the Sena-

tor from Ohio yield to the Senator from Maine?

Mr. TAFT. I prefer to finish, if I may. No man can know all those facts. That is the reason why we cannot get justice from a man until he has granted a hearing, until there has been a chance for people to present their views. We cannot hope to find anybody who can successfully administer this bill without the cooperation of the people, which is the only way in which it can be enforced. The general of an army can order anybody to do anything. He can direct an army. He has to have single control; but when we come to deal with 130,000,000 people, it is just as necessary in time of war as it is in time of peace to deal with them in substance according to the methods of law, to eliminate red tape, but to give them the substance of their rights.

It is suggested by the Senator from Kentucky that we have a court of appeals. That is true; but, so far as I am concerned, I would just as soon have it taken out of the bill. Today, under the present rules of law, the decision of an administrative official or an administrative board is final on questions of fact. Every price-fixing question is a question of fact. So far as any appeal to the courts in this bill is concerned, it will not give a man practically a single iota of protection more than he would have if we should eliminate the court review altogether from the bill; so I do not feel that that makes any difference.

Mr. President, the committee have felt that they must give safeguards to the farmer. They have said that the Price Administrator cannot possibly fix the price of farm products at less than 20 percent above where they are today. We know that the farmer must be protected against arbitrary action. I say that everybody ought to be treated on the same basis. If we want to give that protection, I believe we must give the protection by granting the powers, yes, but saying that those powers must be exercised by five men who will give every consideration to every interest in the United States.

I ask for the yeas and nays on the adoption of my amendment.

The yeas and nays were ordered.

Mr. CLARK of Missouri. Mr. President, to my mind the argument of the Senator from Ohio that this situation is not to be differentiated from a peace situation—which is essentially what his argument amounts to—fails when we regard the situation with which the country is already confronted. The failure in production, such as it is—and there has been a partial failure, as every man on this floor must admit—which we have had in this country since we have been engaged on this great production program has come from having too many commissions. I think everyone realizes that, and I think everyone is in agreement with that statement. We have had the O. P. M. with two heads, we have had the S. P. A. B., and so many more that I cannot remember the names of them, various commissions passing on various matters, and the effort of the American people, the tremendous expenditures of money

and of time, and of treasure which cannot be reproduced, have been dissipated to some extent on account of the number of conflicting commissions.

I dare say that Mr. Knudsen would have made a more efficient head of the O. P. M. if he had not had Mr. Hillman to jog his elbow. I dare say that Mr. Hillman would have made a more efficient head of the O. P. M. if he had not had Mr. Knudsen to jog his elbow. Wars are not conducted by councils of war. Wars require executives. The only justification for the enactment of the pending bill at all is that the function to be performed is a very important war function. We should turn it over to the President of the United States, we should turn it over to the Executive, because it is an executive function, or we should turn it over to such authority as the President himself can best rely on.

The President wants a one-man authority. I hope that is a forerunner of the abolition of many of the conflicting commissions which now exist, and that we may sooner or later come to one central authority, in whom the President himself will have confidence, who can act as a deputy for the President, as Mr. Baruch was to President Wilson during the last war.

Mr. BREWSTER. Mr. President, it would seem to me unfortunate if the vote should be had in the shadow of the statement of the Senator from Ohio that a vote against his proposal would be a mandate to Mr. Henderson, or to whoever may be the Price Administrator, that he is to have and to exercise absolutely autocratic authority in the determination of price control.

I, at any rate, shall vote upon his question confident that the Price Administrator, exercising this great responsibility, will act with the same sense of justice and fairness that was exhibited by Mr. Hoover, who created price advisory committees to assist him in the exercise of his office.

It is quite true that Mr. Henderson does not know everything about anything, and it is equally true that the five members of the proposed administrative board would not know everything about anything. They themselves would have to delegate power to advisory price committees, exactly as I anticipate the Price Administrator himself will do.

At any rate, I wish to vote with the confidence that the President will make a selection, and that his selection will administer these enormous, almost revolutionary, powers with full regard for those Anglo-Saxon conceptions of justice which the Senator from Ohio has so properly portrayed.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Ohio [Mr. TAFT] to the amendment of the committee. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. THOMAS of Utah (when his name was called). I have a general pair with the senior Senator from New Hampshire [Mr. BRIDGES]. I transfer that pair to the

senior Senator from Virginia [Mr. GLASS] and will vote. I vote "nay."

The roll call was concluded.

Mr. HILL. I announce that the Senator from New Mexico [Mr. HATCH] is absent from the Senate because of illness.

The Senator from Florida [Mr. ANDREWS], the Senators from Virginia [Mr. BYRD and Mr. GLASS], the Senator from California [Mr. DOWNEY], and the Senator from South Carolina [Mr. SMITH] are necessarily absent.

The Senator from Illinois [Mr. LUCAS] is detained in a committee meeting. I am advised that if present and voting, he would vote "nay."

The Senator from Montana [Mr. WHEELER] is absent on important public business.

Mr. AUSTIN. The Senator from New Jersey [Mr. BARBOUR] is necessarily absent. The Senator from New Hampshire [Mr. BRIDGES] is absent in a hospital because of a recent hip injury. The Senator from Pennsylvania [Mr. DAVIS] has been called from the city.

The Senator from Indiana [Mr. WILLIS] would vote "yea" if present. He has been called from the Senate to fill an important engagement.

Mr. CHANDLER (after having voted in the negative). I have a general pair with the Senator from Pennsylvania [Mr. DAVIS], which I transfer to the Senator from Iowa [Mr. HERRING], and permit my vote to stand. The Senator from Iowa is necessarily absent.

Mr. McNARY. The senior Senator from California [Mr. JOHNSON] is unavoidably absent. If he were present he would vote "yea." He is paired on this question with the Senator from New Mexico [Mr. HATCH], who I am advised would vote "nay" if present.

The result was announced—yeas 17, nays 65, as follows:

YEAS—17

Brooks	Lodge	Taft
Burton	McNary	Thomas, Idaho
Butler	Millikin	Tobey
George	Nye	Vandenberg
Holman	Reed	Wiley
Langer	Shipstead	

NAYS—65

Aiken	Gerry	O'Mahoney
Austin	Gillette	Overton
Bailey	Green	Pepper
Ball	Guffey	Radcliffe
Bankhead	Gurney	Reynolds
Barkley	Hayden	Rosier
Bilbo	Hill	Russell
Bone	Hughes	Schwartz
Brewster	Johnson, Colo.	Smathers
Brown	Kilgore	Spencer
Bulow	La Follette	Stewart
Bunker	Lee	Thomas, Okla.
Capper	McCarran	Thomas, Utah
Caraway	McFarland	Truman
Chandler	McKellar	Tunnell
Chavez	Maloney	Tydings
Clark, Idaho	Maybank	Van Nuys
Clark, Mo.	Mead	Wagner
Connally	Murdock	Wallgren
Danaher	Murray	Walsh
Doxey	Norris	White
Ellender	O'Daniel	

NOT VOTING—14

Andrews	Downey	Lucas
Barbour	Glass	Smith
Bridges	Hatch	Wheeler
Byrd	Herring	Willis
Davis	Johnson, Calif.	

So Mr. TAFT's amendment to the amendment of the committee was rejected.

Mr. BUTLER. Mr. President, I send to the desk an amendment, which I ask to have stated.

The VICE PRESIDENT. The amendment proposed by the Senator from Nebraska to the committee amendment will be stated.

The CHIEF CLERK. In the committee amendment, on page 49, line 24, after the word "station", it is proposed to insert "or outdoor advertising facilities."

Mr. BROWN. Mr. President, the committee has no objection to the amendment.

The VICE PRESIDENT. Without objection, the amendment offered by the Senator from Nebraska [Mr. BUTLER] to the committee amendment is agreed to.

Mr. BUTLER. Mr. President, I send to the desk another amendment, which I ask to have stated.

The VICE PRESIDENT. The amendment proposed by the Senator from Nebraska to the committee amendment will be stated.

The CHIEF CLERK. In the committee amendment on page 28, line 22, it is proposed to change the period after "amended" to a comma and insert the following: "nor the prohibition of futures trading in any agricultural commodity subject to the provisions of the Commodity Exchange Act, as amended."

Mr. BUTLER. Mr. President, section 2 of the bill gives the Price Administrator rather large and far-reaching powers over speculative and manipulative practices in commodity markets. It should be remembered that many of the powers granted in this section are already exercised by the Commodity Exchange Administration, which has built up a staff and acquired a wealth of experience in the handling of the problems arising from these market practices. I assume that the Administrator, in issuing regulations under this section, will consult the Commodity Exchange Administration and draw on its technical knowledge so that such regulations will not involve conflict by the two agencies, and will permit control of the markets to proceed smoothly.

I have proposed an amendment which will limit the Administrator's power to some slight extent. It would simply prevent the Administrator from prohibiting futures trading. It will be observed that the amendment limits the power of the Administrator only very slightly. The amendment is simply designed to make sure that our marketing machinery is kept in working order, even though it may be on a restricted basis, so that it can take up where it left off and resume full operations after the war.

I wish especially to call attention to the fact that the amendment does not interfere with any ceilings the Price Administrator may set, nor does it take away the power of the Price Administrator to set ceilings or to make such other regulations of market practices as he finds necessary. In other words, all futures trading, supervised by the Commodity Exchange Administration, must of necessity be subject to the maximum prices published by the Administrator.

Mr. BROWN. Mr. President, the Senator from Nebraska submitted that

amendment to me, and the amendment is satisfactory to the committee.

The VICE PRESIDENT. Without objection, the amendment offered by the Senator from Nebraska [Mr. BUTLER] to the committee amendment is agreed to.

Mr. BROWN. Mr. President, on behalf of the committee, I offer an amendment, which I ask to have stated.

The VICE PRESIDENT. The amendment offered by the Senator from Michigan to the committee amendment will be stated.

The CHIEF CLERK. On page 25, it is proposed to strike out all after the word "about" in line 16, through the word "act" in line 20, and to substitute the following: "April 1, 1941 (or if defense activities have already resulted in an increase in the rents for housing accommodations on such date inconsistent with the purposes of this act, then on or about the nearest date, not earlier than April 1, 1940, which in the judgment of the Administrator do not reflect such increases)."

Mr. BROWN. Mr. President, I will explain the amendment. I may say that I consulted with the Senator from Ohio regarding the amendment. It was felt upon the subject of rents, which we have discussed very little here, that the bill had not provided proper standards. It is somewhat indefinite. It says:

So far as practicable, in establishing any maximum rent for any defense-area housing accommodations, the Administrator shall ascertain and give due consideration to the rents prevailing for such accommodations, or comparable accommodations, on or about the date (not earlier than April 1, 1940) on which, in the judgment of the Administrator, defense activities have resulted or threaten to result in an increase.

We felt that that was giving a little too much leeway. Therefore by this amendment we fix April 1, 1941, as the date upon which the Administrator should base his judgment unless, because of intense defense activities, that date is not considered by him to be a fair and a reasonable one.

Mr. NORRIS. Mr. President, I call the attention of the Senator to the fact that the clerk in reading the amendment read "1940" instead of "1941."

Mr. BROWN. The clerk read "1941," but in no event earlier than 1940.

Mr. NORRIS. It would be quite difficult to be earlier than 1940.

Mr. BROWN. Yes; it would.

Mr. NORRIS. I wonder if the clerk read the amendment correctly.

Mr. BROWN. I think the clerk read it correctly, and it is in good grammatical form, I will say to the Senator.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. BROWN] to the committee amendment.

The amendment to the committee amendment was agreed to.

Mr. OVERTON. Mr. President, I offer an amendment, which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment offered by the Senator from Louisiana to the committee amendment will be stated.

The CHIEF CLERK. On page 34, after line 18, it is proposed to insert the following new subsection:

(e) The Administrator shall not have any authority to fix or regulate prices or rents except such authority as is conferred by this act and exercised in accordance with its provisions.

Mr. BROWN. I have no objection to that amendment.

The VICE PRESIDENT. Without objection, the amendment to the committee amendment is agreed to.

Mr. MURRAY. Mr. President, I submit an amendment which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment offered by the Senator from Montana to the committee amendment will be stated.

The CHIEF CLERK. On page 35, line 8, before the period, it is proposed to insert a colon and the following:

Provided, That the production of books or documents shall not be required in any case in which the desired information may be obtained through the inspection of books or documents or through copies of such book entries or documents, or in cases in which the Administrator is satisfied that the production of particular documents would result in undue hardship to the person from whom such production has been requested.

Mr. BROWN. Mr. President, the Senator from Montana took this matter up with me, and I think his amendment is desirable. Under the bill the Administrator would have the right to take the books and records of a merchant in a community and remove them from his place of business for examination. The amendment provides that he may not do so without a subpoena being issued from the court, but he may examine the books at the place of business.

I am glad to accept the amendment.

The VICE PRESIDENT. Without objection, the amendment of the Senator from Montana [Mr. MURRAY], to the committee amendment, is agreed to.

Mr. McNARY. Mr. President, I submit an amendment, on page 22, line 21, after the word "or," to strike out "upon the date of enactment of an act of Congress terminating such authority" and to insert "until such time as the Congress by concurrent resolution may designate."

Mr. BROWN. Mr. President, I will say that the Senator from Oregon called that amendment to my attention. I understand it proposes to terminate the bill by concurrent resolution rather than by act of Congress, and that will agree with the practice which has arisen here. In all events, of course, the act expires in 18 months from the present.

Mr. McNARY. The amendment conforms to the bill passed a few days ago, which was introduced by the Senator from Indiana [Mr. VAN NUYS].

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Oregon [Mr. McNARY] to the committee amendment.

The amendment to the committee amendment was agreed to.

Mr. THOMAS of Oklahoma. Mr. President, on a former date I submitted an amendment and discussed it at some

length. I asked that the amendment lie on the table.

At this time there are two good reasons for my not calling up the amendment. The first reason is that the amendment adopted this afternoon, known as the O'Mahoney amendment, is more favorable to some agricultural products than was the amendment which I suggested. As to others, the two amendments were about 50-50. For that reason I consider the O'Mahoney amendment a better amendment for a temporary purpose than the one suggested by myself.

The second reason is even better. Because of the adoption of the O'Mahoney amendment, which is a substitute for section 3, under the parliamentary situation I could not call up my amendment.

Mr. DANAHER. Mr. President, a clarifying amendment is felt by some to be required with reference to the language on page 49, line 11. We have taken the matter up with Senators on the committee who have fully familiarized themselves with the intentment of the proposed language. I offer the amendment which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment offered by the Senator from Connecticut to the committee amendment will be stated.

The CHIEF CLERK. In the committee amendment on page 49, line 11, after the first comma, it is proposed to insert "and materials furnished for publication by any press association or feature service."

Mr. BROWN. Mr. President, that amendment is in line with the general purposes of the bill, and I think it is a proper amendment. I am happy to accept it.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Connecticut to the amendment reported by the committee.

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The question now is on agreeing to the committee amendment in the nature of a substitute, as amended.

Mr. O'MAHONEY. Mr. President, a few days ago when the Senator from Michigan [Mr. BROWN] was explaining the bill there was some discussion about section 5. That is the provision of the measure as reported by the committee which authorizes the Administrator to enter into voluntary agreements as to prices and other conditions. I raised the question as to whether that section, as reported by the committee, would have the effect of authorizing price-fixing agreements contrary to the antitrust laws.

I was satisfied, by what the Senator from Michigan said and by what was said by the Senator from Ohio [Mr. TART], who was the author of section 5, that it was not the intention to do so.

The Department of Justice, through Assistant Attorney General Arnold, sent a suggested modification of this section to the Senator from Michigan. It was not satisfactory to the Senator from

Michigan. I felt also that it would not accomplish either the purpose which the Department of Justice had in mind or the purpose which the committee had in mind. Accordingly, I had a telephone conversation with Mr. Arnold yesterday and suggested a certain modification of that amendment. I have just now had the opportunity to present the modification to the Senator from Ohio. I am merely trying to hold the floor while he has an opportunity to read it.

Mr. TAFT. Mr. President, I do not think it ought to be limited strictly to maximum prices fixed by the Administrator. I wonder if the Senator from Wyoming would be willing, on page 32, line 13, to strike out the word "otherwise" and insert "other purposes of this act." I think the criticism relates largely to the general term "otherwise." I shall be very glad to agree to such an amendment. I think it would accomplish all the purposes which the Senator has in mind.

Mr. O'MAHONEY. Mr. President, I am inclined to believe that the Senator from Ohio is quite correct. I make the suggestion that, inasmuch as section 5 was added in the Senate, regardless of any other parliamentary rule it would be a matter for consideration in the conference.

Mr. CLARK of Missouri. Mr. President, I think the Senate as a whole ought to have some understanding of the amendment. The whole Senate is concerned about it, and the whole country is concerned about it. It is not a matter between the Senator from Ohio and the Senator from Wyoming.

Mr. TAFT. Mr. President, I move on page 32, line 13, to strike out the word "otherwise" and insert the words "other purposes of this act."

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 32, line 13, after the word "or", where it occurs the second time, it is proposed to strike out the word "otherwise" and insert "other purposes of this act."

Mr. TAFT. If other suggestions are made, certainly the conference committee will have full power to modify it further, if it seems to be necessary in any specific way.

Mr. BROWN. Mr. President, I think, as the Senator from Missouri [Mr. CLARK] says, that the Senate ought to have a little understanding of what this is all about.

This is the section on page 32 which has to do with the right of the Price Administrator to arrange with various producers to enter into voluntary agreements. The amendment was originally offered by the Senator from Ohio, and we on the committee felt that some such provision should be made.

The Assistant Attorney General called my attention to the fact that there ought to be reference of this subject matter to the Department of Justice when a voluntary agreement is presented to the Price Administrator, because the section contemplates lifting the restrictions under the Sherman Act.

After talking with Mr. Arnold, I came to the conclusion that the difficulty could

be covered by a simple sentence providing that any voluntary agreement made should be subject to the approval of the Department of Justice. I still feel that that is the simple solution of this question. Everything that Mr. Arnold seeks to do could be done by the inclusion of that simple sentence.

In the confusion of the last moments of the consideration of the pending legislation I am unable to ascertain to my own satisfaction whether this amendment is a wise one or not. I referred the Senator from Wyoming to the Senator from Ohio, who is the author of the section; but I will say to the Senator from Wyoming and the Senator from Ohio that I do not see how anything can be gained by changing this section now. There is no such section in the House bill. At a time when we can know better than we now know what this language means and what we ought to do, we can perhaps make some changes in this section. In view of all the circumstances, and in view of the fact that I have had to keep in mind a great many minor amendments, I believe it would be better to leave the section as it is. I give assurance to the Senator from Wyoming and to the Department of Justice that we will give very careful consideration to providing the necessary and proper restrictions, to be certain that the Department of Justice is consulted when any agreement of that kind is entered into. I believe that would be a better solution of the problem.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Ohio to the amendment reported by the committee.

The amendment to the amendment was rejected.

Mr. O'MAHONEY. Mr. President, I was about to explain to the Senate the proposal which was embodied in the draft sent to me by Mr. Arnold after I had suggested to him what I thought would be a proper solution of the question. I rose not at all for the purpose of offering an amendment, but for the purpose of acquainting the Members of the Senate with the amendment, because, having conferred with the Senator from Michigan and with the Senator from Ohio, I was quite satisfied that in conference the Senate conferees, together with the House conferees, would be willing and ready to frame language which would carry into effect the purposes which the committee had in mind.

So, Mr. President, in order that there may be no doubt about it, let me read section 5 as reported by the committee:

SEC. 5. In carrying out the provisions of this act, the Administrator is authorized to confer with producers, processors, manufacturers, retailers, wholesalers, and other groups having to do with commodities, and with representatives and associations thereof, to cooperate with any agency or person, and to enter into voluntary arrangements or agreements with any such persons, groups, or associations relating to the fixing of maximum prices, the issuance of other regulations or orders, or otherwise.

When I read the section I felt very doubtful about the wisdom of approving it, because it seemed to me clearly to give to the office of Price Administrator the right to enter into private agreements

with private agencies to fix prices. The modification which was first sent up to the Senator from Michigan did not seem to be satisfactory. The modification which I now have received reads as follows:

SEC. 5. In carrying out the provisions of this act, the Administrator is authorized to confer and cooperate with producers, processors, manufacturers, retailers, wholesalers, and other groups having to do with commodities, and with representatives and associations thereof, relating to the fixing of maximum prices, the issuance of other regulations or orders, or otherwise, and to enter into voluntary arrangements or agreements with any such persons, groups, or associations providing for their adherence to maximum prices fixed by the Administrator.

The Senator from Ohio has said that the modification seemed to him to be a little too narrow. All I desire to do now is to have the amendment printed in the RECORD, together with the letter explaining it, which I have received from Mr. Arnold. I make the request in the knowledge that, as the Senator from Michigan has said, the matter will be given attention in the conference.

There being no objection, the amendment and accompanying letter were ordered to be printed in the RECORD, as follows:

SEC. 5. In carrying out the provisions of this act, the Administrator is authorized to confer and cooperate with producers, processors, manufacturers, retailers, wholesalers, and other groups having to do with commodities, and with representatives and associations thereof, relating to the fixing of maximum prices, the issuance of other regulations or orders, or otherwise, and to enter into voluntary arrangements or agreements with any such persons, groups, or associations providing for their adherence to maximum prices fixed by the Administrator.

DEPARTMENT OF JUSTICE,
Washington, January 9, 1942.

HON. JOSEPH C. O'MAHONEY,
United States Senate,
Washington, D. C.

DEAR SENATOR: I gathered from my conversation with you over the telephone and also from a subsequent conversation with Senator TAFT that the reason for his insistence upon section 5 is a desire that the Administrator should, wherever possible, consult with business groups in order that he might be guided by their suggestions and assisted by their cooperation.

In other words, I take it that he feels that cooperation is better than force and that the suggestions of the group should be sought wherever possible.

No one could have any quarrel with Senator TAFT in seeking such objectives; indeed, if section 5 were not in, the Administrator ought to adopt such a procedure voluntarily.

Our objection to section 5 as it appears in the original draft comes from the fear that it might be interpreted as authorizing a delegation of power by the Administrator to private groups and as sanctioning the arrangements they might later make pursuant to such delegation of power. Our experience in investigating trade associations indicates that a very large number of voluntary agreements, innocent enough on their face, are cloaks for illegitimate price fixing or unlawful restraints of trade.

We have, therefore, changed the language of the section 5 in such a way as to make the voluntary arrangements deal only with adherence to maximum prices fixed by the Administrator. We have retained the first part of the section authorizing the Administrator

to confer and cooperate with private persons and groups in carrying out the general powers conferred upon him by the act. This amendment should not interfere in any way with Senator TAFT's objectives and at the same time it would remove our fear of the abuse of trade association agreements. The change is slight but, nevertheless, appears to us to be very important.

Sincerely,

THURMAN ARNOLD,
Assistant Attorney General.

Mr. BROWN. Mr. President, I desire to assure the Senator from Wyoming that he has made a valuable contribution to the subject matter; and my only purpose in asking the Senate to insist upon section 5 was because I did not want to accept the amendment now.

There is a minor correction to be made in section 205 of the bill; and for that purpose I offer the amendment which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 47, in lines 22 and 23, it is proposed to strike out "the license after the person to whom such license was issued has received a warning notice," and to insert in lieu thereof, "such license, regulation, order, price schedule, or requirement after receipt of such warning notice."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Michigan to the committee amendment.

The amendment to the amendment was agreed to.

Mr. GILLETTE. Mr. President, again referring to section 5, which was recently the subject of discussion, in whatever form it may take in either the Senate or the conference committee, I want it understood that I sincerely hope the House will not accept the provision. I think it carries possibilities for abuse greater than those which are carried in any other provision of the bill; so I sincerely hope the House conferees will not accept it.

Mr. O'DANIEL. Mr. President, early in the debate on the pending bill I expressed opposition to it because I considered it an antiagriculture bill, and I wanted to have final consideration postponed until after the Senate could consider an excess-profits and excess-earnings bill which I believe would accomplish our purpose in a less expensive and more constructive manner. Since that time the bill has been greatly improved by amendments, and I do not now believe it can be classed as an antiagriculture bill. I therefore intend to support the bill.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee, in the nature of a substitute, as amended.

The amendment, as amended, was agreed to.

The VICE PRESIDENT. The question now is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The VICE PRESIDENT. The bill having been read three times, the question is, Shall it pass?

Mr. BARKLEY. I ask for the yeas and nays on the passage of the bill.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. GILLETTE (when Mr. HERRING's name was called). My colleague, the junior Senator from Iowa [Mr. HERRING] is unavoidably detained. I am authorized to say that, if present and voting, he would vote "yea."

The roll call was concluded.

Mr. CHANDLER (after having voted in the affirmative). I have a pair with the senior Senator from Pennsylvania. [Mr. DAVIS], who is unavoidably detained from the Senate. I am informed that, if present, he would vote "yea." I therefore permit my vote to stand.

Mr. McNARY. The junior Senator from New Jersey [Mr. BARBOUR] is unavoidably absent. If present and voting, he would vote "yea."

Mr. HILL. I announce that the Senator from New Mexico [Mr. HATCH] is absent because of illness. I am advised that, if present and voting, he would vote "yea."

The Senator from Florida [Mr. ANDREWS], the Senator from California [Mr. DOWNEY], and the Senator from Virginia [Mr. GLASS] are necessarily absent. I am advised that, if present and voting, they would vote "yea."

The Senator from Montana [Mr. WHEELER] is absent on important public business.

The Senator from South Carolina [Mr. SMITH] is necessarily absent. I am advised that if present and voting he would vote "yea."

Mr. AUSTIN. The Senator from New Hampshire [Mr. BRIDGES] is absent in a hospital because of a recent hip injury.

The Senator from Pennsylvania [Mr. DAVIS] has been called from the city. If present, he would vote "yea."

The result was announced—yeas 84, nays 1, as follows:

YEAS—84

Aiken	Gillette	Overton
Austin	Green	Pepper
Bailey	Guffey	Radcliffe
Ball	Gurney	Reed
Bankhead	Hayden	Reynolds
Barkley	Hill	Rosier
Bilbo	Holman	Russell
Bone	Hughes	Schwartz
Brewster	Johnson, Colo.	Shipstead
Brooks	Kilgore	Smathers
Brown	La Follette	Spencer
Bulow	Langer	Stewart
Bunker	Lee	Taft
Burton	Lodge	Thomas, Idaho
Butler	Lucas	Thomas, Okla.
Byrd	McCarran	Thomas, Utah
Capper	McFarland	Tobey
Caraway	McKellar	Truman
Chandler	McNary	Tunnell
Chavez	Maloney	Tydings
Clark, Idaho	Maybank	Vandenberg
Clark, Mo.	Mead	Van Nuys
Connally	Millikin	Wagner
Danaher	Murdock	Wallgren
Doxey	Murray	Walsh
Ellender	Norris	White
George	O'Daniel	Wiley
Gerry	O'Mahoney	Willis

NAYS—1

Nye

NOT VOTING—11

Andrews	Downey	Johnson, Calif.
Barbour	Glass	Smith
Bridges	Hatch	Wheeler
Davis	Herring	

So the bill (H. R. 5990) was passed as follows:

TITLE I—GENERAL PROVISIONS AND AUTHORITY PURPOSES; TIME LIMIT; APPLICABILITY

SECTION 1. (a) It is hereby declared that it is in the interest of the national defense and security and necessary to the effective prosecution of the present war, and the purposes of this act are, to stabilize prices and to prevent speculative, unwarranted, and abnormal increases in prices and rents; to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities caused by or contributing to the national emergency; to protect persons with relatively fixed and limited incomes, consumers, wage earners, investors, and persons dependent on life insurance, annuities, and pensions, from undue impairment of their standard of living; to prevent hardships to persons engaged in business, to endowed schools, universities, and other institutions, and to the Federal, State, and local governments, which would result from abnormal increases in prices; to assist in securing adequate production of commodities and facilities; and to permit voluntary cooperation between the Government and producers, processors, and others to accomplish the aforesaid purposes. It shall be the policy of those departments and agencies of the Government dealing with wages (including the Department of Labor and its various bureaus, the War Department, the Navy Department, the Office of Production Management, the National Labor Relations Board, the Railway Labor Board, the National Defense Mediation Board, and others), within the limits of their authority and jurisdiction, to work toward a stabilization of prices and cost of production.

(b) The provisions of this act, and all regulations, orders, price schedules, and requirements thereunder, shall terminate on June 30, 1943, or upon the date of a proclamation by the President that the further continuance of the authority granted by this act is not necessary in the interest of the national defense and security, or until such time as the Congress by concurrent resolution may designate, whichever date is the earlier; except that as to offenses committed, or rights or liabilities incurred, prior to such termination date, the provisions of this act and such regulations, orders, price schedules, and requirements shall be treated as still remaining in force for the purpose of sustaining any proper suit, action, or prosecution with respect to any such right, liability, or offense.

(c) The provisions of this act shall be applicable to the United States, its Territories and possessions, and the District of Columbia.

PRICES, RENTS, AND MARKET AND RENTING PRACTICES

SEC. 2. (a) Whenever in the judgment of the Price Administrator (provided for in section 201) the price or prices of a commodity or commodities have risen or threaten to rise to an extent or in a manner inconsistent with the purposes of this act, he may by regulation or order establish such maximum price or maximum prices as in his judgment will be generally fair and equitable and will effectuate the purposes of this act. So far as practicable, in establishing any maximum price, the Administrator shall ascertain and give due consideration to the prices prevailing between October 1 and October 15, 1941 (or if for any reason such period reflects abnormal market conditions for a particular commodity, then during the nearest 2-week period which is not abnormal as determined by the Administrator) for the commodity or commodities included under such regulation or order, and shall make adjustments for such relevant factors as he may determine and deem to be of general applicability, including the following: Speculative fluctuations, general increases or decreases in costs of production, distribution and transportation, and general increases or decreases in profits earned by sellers of the commodity or commodities,

during and subsequent to the year ended October 1, 1941. Every regulation or order issued under the foregoing provisions of this subsection shall be accompanied by a statement of the considerations involved in the issuance of such regulation or order. As used in the foregoing provisions of this subsection, the term "regulation or order" means a regulation or order of general applicability and effect. Before issuing any regulation or order under the foregoing provisions of this subsection, the Administrator shall, so far as practicable, advise and consult with representative members of the industry which will be affected by such regulation or order. In the case of any commodity for which a maximum price has been established, the Administrator shall, at the request of any substantial portion of the industry subject to such maximum price, regulation, or order of the Administrator, appoint an industry advisory committee, or committees, either national or regional, or both, consisting of such number of representatives of the industry as may be necessary in order to constitute a committee truly representative of the industry, or of the industry in such region, as the case may be. The committee shall select a chairman from among its members and shall meet at the call of the chairman. The Administrator shall from time to time, at the request of the committee, advise and consult with the committee with respect to the regulation or order, and with respect to the form thereof, and classifications, differentiations, and adjustments therein. The committee may make such recommendations to the Administrator as it deems advisable. Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this act, he may, without regard to the foregoing provisions of this subsection, issue temporary regulations or orders establishing as a maximum price or maximum prices the price or prices prevailing with respect to any commodity or commodities on the date of issuance of such temporary regulations or orders; but any such temporary regulation or order shall be effective for not more than 60 days, and may be replaced by a regulation or order issued under the foregoing provisions of this subsection.

(b) Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this act, he shall issue declarations setting forth the necessity for, and recommendations with reference to, the stabilization or reduction of rents for defense-area housing accommodations within defense-rental areas. If within 60 days after the issuance of any such recommendations rents for any such accommodations have not in the judgment of the Administrator been stabilized or reduced by State or local regulation, or otherwise, in accordance with the recommendations, the Administrator shall by regulation or order establish such maximum rent or maximum rents for such accommodations as in his judgment will be generally fair and equitable and will effectuate the purposes of this act. So far as practicable, in establishing any maximum rent for any defense-area housing accommodations, the Administrator shall ascertain and give due consideration to the rents prevailing for such accommodations, or comparable accommodations, on or about April 1, 1941 (or if defense activities have already resulted in an increase in the rents for housing accommodations on such date inconsistent with the purposes of this act, then on or about the nearest date, not earlier than April 1, 1940, which in the judgment of the Administrator do not reflect such increases), and he shall make adjustments for such relevant factors as he may determine and deem to be of general applicability in respect of such accommodations, including increases or decreases in property taxes and other costs, subsequent to such date and for the preceding 12 months. In designating defense-

rental areas, in prescribing maximum rents for such accommodations, and in selecting persons to administer such maximum rents, the Administrator shall, to such extent as he determines to be practicable, consider any recommendations which may be made by State and local officials concerned with housing or rental conditions in any defense-rental area.

(c) Any regulation or order under this act may be established in such form and manner, may contain such classifications and differentiations, and may provide for such adjustments and reasonable exceptions as in the judgment of the Administrator are necessary or proper in order to effectuate the purposes of this act. Any regulation or order under this section which establishes a maximum price or maximum rent may provide for a maximum price or maximum rent below the price or prices prevailing for the commodity or commodities, or below the rent or rents prevailing for the defense-area housing accommodations, at the time of the issuance of such regulation or order.

(d) Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this act, he may, by regulation or order, regulate or prohibit speculative or manipulative practices (including practices relating to changes in form or quality) or hoarding, in connection with any commodity, and speculative or manipulative practices or renting or leasing practices (including practices relating to recovery of the possession), in connection with any defense-area housing accommodations, which in his judgment are equivalent to or are likely to result in price or rent increases, as the case may be, inconsistent with the purposes of this act.

(e) Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this act, he may, in order to obtain the maximum necessary production of any commodity, whether by purchase from marginal or high-cost producers or others, or to prevent price increases inconsistent with the purposes of this act, buy or sell at public or private sale, or store or use on behalf of the United States, any commodity, upon such terms as he shall deem necessary without regard to any provision of law requiring competitive bidding: *Provided*, That any materials which have been heretofore or may hereafter be defined as strategic and critical materials and supplies by the President pursuant to section 5d of the Reconstruction Finance Corporation Act, as amended, may be bought or sold or stored or used, in order to carry out the purposes of this act, only by corporations created or organized pursuant to said section 5d, upon such terms and conditions as they may determine, and only with the approval of the President and the Federal Loan Administrator; except that in the case of the sale of any commodity by any such corporation, the sale price therefor shall not exceed any maximum price established pursuant to subsection (a) of this section which is applicable to such commodity at the time of sale or delivery, but such sale price may be below such maximum price or below the purchase price of such commodity, and the Administrator may make recommendations with respect to the buying or selling, or storage or use, of any such commodity. In any case in which a commodity is domestically produced, the powers granted to the Administrator by this subsection shall be exercised with respect to importations of such commodity only to the extent that, in the judgment of the Administrator, the domestic production of the commodity is not sufficient to satisfy the demand therefor. The proceeds of any sale by the Administrator under this subsection shall be used as a revolving fund for carrying out the provisions of this subsection. Nothing in this section shall be construed to

modify, suspend, amend, or supersede any provision of the Tariff Act of 1930, as amended, and nothing in this section, or in any existing law, shall be construed to authorize any sale or other disposition of any agricultural commodity contrary to the provisions of the Agricultural Adjustment Act of 1938, as amended, nor the prohibition of futures trading in any agricultural commodity subject to the provisions of the Commodity Exchange Act, as amended.

(f) No power conferred by this section shall be construed to authorize any action contrary to the provisions and purposes of section 3.

(g) Regulations, orders, and requirements under this act may contain such provisions as the Administrator deems necessary to prevent the circumvention or evasion thereof.

(h) The powers granted in this section shall not be used or made to operate to compel changes in the business practices or cost practices or methods, means or aids to distribution established in any industry, except to prevent circumvention or evasion of any ceiling established under this act.

AGRICULTURAL COMMODITIES

SEC. 3. (a) No maximum price shall be established or maintained for any agricultural commodity below either (1) the then current emergency wage parity price or comparable price for such commodity, adjusted for grade, location, and seasonal differentials, as determined and published by the Secretary of Agriculture in the manner hereinafter provided in subsection (b); or (2) the market price prevailing for such commodity on October 1, 1941, or December 15, 1941, whichever under clause (1) or (2) is the higher; or (3) the average price for such commodity during the period July 1, 1919, to June 30, 1929.

(b) For the purposes of this Act, emergency wage parity prices shall be determined by the Secretary of Agriculture by constructing a combined index in which the purchasing power index now used by the Secretary to compute parity prices shall be given a weight of 80 and a factor representing an index of urban wage rates as determined by the formula in use January 1, 1941, in the index of wage rates published in The Monthly Review of Credit and Business Conditions by the Federal Reserve Bank of New York, shall be given a weight of 20. This combined index shall have August 1909 to July 1914, as a base period. In applying this combined index the Secretary shall take such steps as in his judgment may be necessary to establish and maintain equitable price relationships, as among all agricultural commodities.

(c) Any maximum price established upon the resale price of any agricultural commodity, or any grade, regional or market classification thereof, or upon the price of any commodity processed or manufactured in whole or substantial part from any agricultural commodity shall not be below a price which will reflect to the producer of such agricultural commodity the emergency wage parity or comparable price therefor as determined pursuant to this section.

(d) Neither the provisions of section 5 nor any other provision of this act shall be construed to authorize any action contrary to the provisions and purposes of this section: *Provided*, That nothing contained in this Act shall be construed to modify, repeal, supersede, or affect the provisions of the act of Congress cited as the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provisions thereof, or amendments thereto, which may be in existence or hereafter issued under the provisions of said act.

(e) Notwithstanding any other provision of this or any other law, no action shall be taken under this act by the Administrator or any other person with respect to any agri-

cultural commodity without the prior approval of the Secretary of Agriculture.

PROHIBITIONS

SEC. 4. (a) It shall be unlawful, regardless of any contract, agreement, lease, or other obligation heretofore or hereafter entered into, for any person to sell or deliver any commodity, or in the course of trade or business to buy or receive any commodity, or to demand or receive any rent for any defense-area housing accommodations, or otherwise to do or omit to do any act, in violation of any regulation or order establishing a maximum price or maximum rent, or of any other regulation, order, or requirement under this act, or to offer, solicit, attempt, or agree to do any of the foregoing. As used in this subsection, the term "maximum price" shall include (1) any price schedule issued by the Administrator of the Office of Price Administration or the Administrator of the Office of Price Administration and Civilian Supply, prior to the date upon which the Administrator provided for by section 201 of this act takes office, which is effective in accordance with the provisions of section 206 of this act, or (2) any maximum price established by a regulation or order issued by such Administrator after he takes office; and the term "maximum rent" shall include any maximum rent established by a regulation or order issued by such Administrator after he takes office.

(b) It shall be unlawful for any person to remove or attempt to remove from any defense-area housing accommodations the tenant or occupant thereof or to refuse to renew the lease or agreement for the use of such accommodations, because such tenant or occupant has taken, or proposes to take, action authorized or required by this act or any regulation, order, or requirement thereunder.

(c) It shall be unlawful for any officer or employee of the Government, or for any adviser or consultant to the Administrator in his official capacity, to disclose, otherwise than in the course of official duty, any information obtained under this act, or to use any such information, for personal benefit.

(d) Nothing in this act shall be construed to require any person to sell any commodity or to offer any accommodations for rent.

VOLUNTARY AGREEMENTS

SEC. 5. In carrying out the provisions of this act, the Administrator is authorized to confer with producers, processors, manufacturers, retailers, wholesalers, and other groups having to do with commodities, and with representatives and associations thereof, to cooperate with any agency or person, and to enter into voluntary arrangements or agreements with any such persons, groups, or associations relating to the fixing of maximum prices, the issuance of other regulations or orders, or otherwise.

TITLE II—ADMINISTRATION AND ENFORCEMENT ADMINISTRATION

SEC. 201. (a) There is hereby created an Office of Price Administration, which shall be under the direction of a Price Administrator (referred to in this act as the "Administrator"). The Administrator shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of \$12,000 per annum. The Administrator may, subject to the civil-service laws, appoint such employees as he deems necessary in order to carry out his functions and duties under this act, and shall fix their compensation in accordance with the Classification Act of 1923, as amended. The Administrator may utilize the services of Federal, State, and local agencies and may utilize and establish such regional, local, or other agencies, and utilize such voluntary and uncompensated services, as may from time to time be needed: *Pro-*

vided, That all appointees receiving \$4,000 a year or more, and all chiefs of regional and State agencies established by the Administrator shall be appointed by the President, by and with the advice and consent of the Senate. Attorneys appointed under this section may appear for and represent the Administrator in any case in any court. In the appointment, selection, classification, and promotion of officers and employees of the Office of Price Administration, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency.

(b) The principal office of the Administrator shall be in the District of Columbia, but he or any duly authorized representative may exercise any or all of his powers in any place. The President is authorized to transfer any of the powers and functions conferred by this act upon the Office of Price Administration with respect to a particular commodity or commodities to any other department or agency of the Government having other functions with relation to such commodity or commodities, and to transfer to the Office of Price Administration any of the powers and functions conferred by law upon any other department or agency of the Government with respect to any particular commodity or commodities other than agricultural commodities, including the power to order priorities, purchase, sell, store, handle, or otherwise deal with any such commodity or commodities.

(c) The Administrator shall have authority to make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere; for lawbooks and books of reference; and for paper, printing, and binding) as he may deem necessary for the administration and enforcement of this act. The provisions of section 3709 of the Revised Statutes shall not apply to the purchase of supplies and services by the Administrator where the aggregate amount involved does not exceed \$250.

(d) The Administrator may, from time to time, issue such regulations and orders as he may deem necessary or proper in order to carry out the purposes and provisions of this act.

(e) The Administrator shall not have any authority to fix or regulate prices or rents except such authority as is conferred by this act and exercised in accordance with its provisions.

SEC. 202. (a) The Administrator may make such studies and investigations, and obtain or require the furnishing of such information under oath or affirmation or otherwise, as he deems necessary or proper to assist him in prescribing any regulation or order under this act, or in the administration and enforcement of this act and regulations, orders, and price schedules thereunder. For such purposes the Administrator may administer oaths and affirmations, may require by subpoena or otherwise the attendance and testimony of witnesses and the production of documents at any designated place, may require persons to permit the inspection and copying of documents, the inspection of defense-area housing accommodations, and the inspection of inventories, and may, by regulation or order, require the making and keeping of records and other documents and the making of reports: *Provided*, That the production of books or documents shall not be required in any case in which the desired information may be obtained through the inspection of books or documents or through copies of book entries or documents, or in cases in which the Administrator is satisfied that the production of particular documents would result in undue hardship to the person from whom such production has been requested. No person shall be excused from complying with any requirements under this

section because of his privilege against self-incrimination, but the immunity provisions of the Compulsory Testimony Act of February 11, 1893 (U. S. C., 1934 ed., title 49, sec. 46), shall apply with respect to any individual who specifically claims such privilege.

(b) The Administrator shall not publish or disclose any information obtained under this act that such Administrator deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information, unless he determines that the withholding thereof is contrary to the interest of the national defense and security.

PROCEDURE

SEC. 203. (a) Within a period of 60 days after the issuance of any regulation or order under section 2, or in the case of a price schedule, within a period of 60 days after the effective date thereof specified in section 206, any person subject to any provision of such regulation, order, or price schedule may, in accordance with regulations to be prescribed by the Administrator, file a protest specifically setting forth objections to any such provision and affidavits or other written evidence in support of such objections. At any time after the expiration of such 60 days any person subject to any provision of such regulation, order, or price schedule may file such a protest based solely on grounds arising after the expiration of such 60 days. Statements in support of any such regulation, order, or price schedule may be received and incorporated in the transcript of the proceedings at such times and in accordance with such regulations as may be prescribed by the Administrator. Within a reasonable time after the filing of any protest under this subsection, but in no event more than 30 days after such filing or 90 days after the issuance of the regulation or order (or in the case of a price schedule, 90 days after the effective date thereof specified in section 206) in respect of which the protest is filed, whichever occurs later, the Administrator shall either grant or deny such protest in whole or in part, notice such protest for hearing, or provide an opportunity to present further evidence in connection therewith. In the event that the Administrator denies any such protest in whole or in part, he shall inform the protestant of the grounds upon which such decision is based, and of any economic data and other facts of which the Administrator has taken official notice.

(b) In the administration of this act the Administrator may take official notice of economic data and other facts, including facts found by him as a result of action taken under section 202.

(c) Any proceedings under this section may be limited by the Administrator to the filing of affidavits, or other written evidence, and the filing of briefs.

REVIEW

SEC. 204. (a) Any protestant who is aggrieved by the denial or partial denial of his protest may, within 30 days after such denial, file a complaint with the Emergency Court of Appeals, created pursuant to subsection (c), specifying his objections and praying that the regulation, order, or price schedule protested be enjoined or set aside in whole or in part. A copy of such complaint shall forthwith be served on the Administrator, who shall certify and file with such court a transcript of such portions of the proceedings in connection with the protest as are material under the complaint. Such transcript shall include a statement setting forth, so far as practicable, the economic data and other facts of which the Administrator has taken official notice. Upon the filing of such complaint the court shall have exclusive jurisdiction to set aside such regulation, order, or price schedule, in whole or in part, to dismiss the complaint, or to remand the proceeding: *Provided*, That the

regulation, order, or price schedule may be modified or rescinded by the Administrator at any time notwithstanding the pendency of such complaint. No objection to such regulation, order, or price schedule, and no evidence in support of any objection thereto, shall be considered by the court, unless such objection shall have been set forth by the complainant in the protest or such evidence shall be contained in the transcript. If application is made to the court by either party for leave to introduce additional evidence which was either offered to the Administrator and not admitted, or which could not reasonably have been offered to the Administrator, or included by the Administrator in such proceedings, and the court determines that such evidence should be admitted, the court shall order the evidence to be presented to the Administrator. The Administrator shall promptly receive the same, and such other evidence as he deems necessary or proper, and thereupon he shall certify and file with the court a transcript thereof and any modification made in the regulation, order, or price schedule as a result thereof; except that on request by the Administrator, any such evidence shall be presented directly to the court.

(b) No such regulation, order, or price schedule shall be enjoined or set aside, in whole or in part, unless the complainant establishes to the satisfaction of the court that the regulation, order, or price schedule is not in accordance with law, or is arbitrary or capricious. The effectiveness of a judgment of the court enjoining or setting aside, in whole or in part, any such regulation, order, or price schedule shall be postponed until the expiration of 30 days from the entry thereof, except that if a petition for a writ of certiorari is filed with the Supreme Court under subsection (d) within such 30 days, the effectiveness of such judgment shall be postponed until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the case by the Supreme Court.

(c) There is hereby created a court of the United States to be known as the Emergency Court of Appeals, which shall consist of three or more judges to be designated by the Chief Justice of the United States from judges of the United States district courts and circuit courts of appeals. The Chief Justice of the United States shall designate one of such judges as chief judge of the Emergency Court of Appeals, and may, from time to time, designate additional judges for such court and revoke previous designations. The chief judge may, from time to time, divide the court into divisions of three or more members, and any such division may render judgment as the judgment of the court. The court shall have the powers of a district court with respect to the jurisdiction conferred on it by this act; except that the court shall not have power to issue any temporary restraining order or interlocutory decree staying or restraining, in whole or in part, the effectiveness of any regulation or order issued under section 2 or any price schedule effective in accordance with the provisions of section 206. The court shall exercise its powers and prescribe rules governing its procedure in such manner as to expedite the determination of cases of which it has jurisdiction under this act. The court shall have a seal, hold sessions at such places as it may specify, and appoint a clerk and such other employees as it deems necessary or proper.

(d) Within 30 days after entry of a judgment or order, interlocutory or final, by the Emergency Court of Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment or order shall be subject to review by the Supreme Court in the same manner as a judgment of a circuit court of appeals as provided in section 240 of the

Judicial Code, as amended (U. S. C., 1934 ed., title 28, sec. 347). The Supreme Court shall advance on the docket and expedite the disposition of all causes filed therein pursuant to this subsection. The Emergency Court of Appeals, and the Supreme Court upon review of judgments and orders of the Emergency Court of Appeals, shall have exclusive jurisdiction to determine the validity of any regulation or order issued under section 2 of any price schedule effective in accordance with the provisions of section 206, and of any provision of any such regulation, order, or price schedule. Except as provided in this section, no court, Federal, State, or Territorial, shall have jurisdiction or power to consider the validity of any such regulation, order, or price schedule, or to stay, restrain, enjoin, or set aside, in whole or in part, any provision of this act authorizing the issuance of such regulations or orders, or making effective any such price schedule, or any provision of any such regulation, order, or price schedule, or to restrain or enjoin the enforcement of any such provision.

ENFORCEMENT

SEC. 205. (a) Whenever in the judgment of the Administrator any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 4 of this act, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the Administrator that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

(b) Any person who willfully violates any provision of section 4 of this act, and any person who makes any statement or entry false in any material respect in any document or report required to be kept or filed under section 2 or section 202, shall, upon conviction thereof, be subject to a fine of not more than \$5,000, or to imprisonment for not more than 2 years in the case of a violation of section 4 (d) and for not more than 1 year in all other cases, or to both such fine and imprisonment. Whenever the Administrator has reason to believe that any person is liable to punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

(c) The district courts shall have jurisdiction of criminal proceedings for violations of section 4 of this act, and, concurrently with State and Territorial courts, of all other proceedings under section 205 of this act. Such criminal proceedings may be brought in any district in which any part of any act or transaction constituting the violation occurred. Except as provided in section 205 (f) (2), such other proceedings may be brought in any district in which any part of any act or transaction constituting the violation occurred, and may also be brought in the district in which the defendant resides or transacts business, and process in such cases may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found. Any such court shall advance on the docket and expedite the disposition of any criminal or other proceedings brought before it under this section. No costs shall be assessed against the Administrator or the United States Government in any proceeding under this act.

(d) No person shall be held liable for damages or penalties in any Federal, State, or Territorial court, on any grounds for or in respect of anything done or omitted to be done in good faith pursuant to any provision of this act or any regulation, order, price schedule, requirement, or agreement entered into thereunder, or under any price schedule

of the Administrator of the Office of Price Administration or of the Administrator of the Office of Price Administration and Civilian Supply, notwithstanding that subsequently such provision, regulation, order, price schedule, requirement, or agreement may be modified, rescinded, or determined to be invalid. In any suit or action wherein a party relies for ground of relief or defense upon this act or any regulation, order, price schedule, requirement, or agreement thereunder, the court having jurisdiction of such suit or action shall certify such fact to the Administrator. The Administrator may intervene in any such suit or action.

(e) If any person selling a commodity violates a regulation, order, or price schedule prescribing a maximum price or maximum prices, the person who buys such commodity for use or consumption other than in the course of trade or business may bring an action either for \$50 or for treble the amount by which the consideration exceeded the applicable maximum price, whichever is the greater, plus reasonable attorney's fees and costs as determined by the court. For the purposes of this section the payment or receipt of rent for defense-area housing accommodations shall be deemed the buying or selling of a commodity, as the case may be. If any person selling a commodity violates a regulation, order, or price schedule prescribing a maximum price or maximum prices, and the buyer is not entitled to bring suit or action under this subsection, the Administrator may bring such action under this subsection on behalf of the United States. Any suit or action under this subsection may be brought in any court of competent jurisdiction, and shall be instituted within 1 year after delivery is completed or rent is paid. The provisions of this subsection shall not take effect until after the expiration of 6 months from the date of enactment of this act.

(f) (1) Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this act and to assure compliance with and provide for the effective enforcement of any regulation or order issued or which may be issued under section 2, or of any price schedule effective in accordance with the provisions of section 206, he may by regulation or order issue to or require of any person or persons subject to any regulation or order issued under section 2, or subject to any such price schedule, a license as a condition of selling any commodity or commodities with respect to which such regulation, order, or price schedule is applicable. It shall not be necessary for the Administrator to issue a separate license for each commodity or for each regulation, order, or price schedule with respect to which a license is required. No such license shall contain any provision which could not be prescribed by regulation, order, or requirement under section 2 or section 202: *Provided*, That no such license may be required as a condition of selling or distributing (except as waste or scrap) newspapers, periodicals, books, or other printed or written material, or motion pictures, or as a condition of selling radio time: *Provided further*, That no license may be required of any farmer as a condition of selling any agricultural commodity produced by him: *Provided further*, That in any case in which such a license is required of any person, the Administrator shall not have power to deny to such person a license to sell any commodity or commodities, unless such person already has such a license to sell such commodity or commodities, or unless there is in effect under paragraph (2) of this subsection with respect to such person an order of suspension of a previous license to the extent that such previous license authorized such person to sell such commodity or commodities.

(2) Whenever in the judgment of the Administrator a person has violated any of the

provisions of a license issued under this subsection, or has violated any of the provisions of any regulation, order, or requirement under section 2 or section 202, or any of the provisions of any price schedule effective in accordance with the provisions of section 206, which is applicable to such person, a warning notice shall be sent by registered mail to such person. If the Administrator has reason to believe that such person has again violated any of the provisions of such license, regulation, order, price schedule, or requirement after receipt of such warning notice, the Administrator may petition any State or Territorial court of competent jurisdiction, or a district court subject to the limitations hereinafter provided, for an order suspending the license of such person for any period of not more than 12 months. If any such court finds that such person has violated any of the provisions of such license, regulation, order, price schedule, or requirement after the receipt of the warning notice, such court shall issue an order suspending the license to the extent that it authorizes such person to sell the commodity or commodities in connection with which the violation occurred, or to the extent that it authorizes such person to sell any commodity or commodities with respect to which a regulation or order issued under section 2 is applicable; but no such suspension shall be for a period of more than 12 months. For the purposes of this subsection, any such proceedings for the suspension of a license may be brought in a district court if the licensee is doing business in more than one State, or if his principal place of business is located in or within 50 miles of a city or community in which a district court regularly convenes, or if his gross sales exceed \$50,000 per annum. Within 30 days after the entry of the judgment or order of any court either suspending a license, or dismissing or denying in whole or in part the Administrator's petition for suspension, an appeal may be taken from such judgment or order in like manner as an appeal may be taken in other cases from a judgment or order of a State, Territorial, or district court, as the case may be. The Administrator may modify or rescind the requirement of a license at any time. Upon good cause shown, any such order of suspension may be stayed by the appropriate court or any judge thereof in accordance with the applicable practice. Any such order of suspension shall be affirmed by the appropriate appellate court if, under the applicable rules of law, the evidence in the record supports a finding that there has been a violation of any provision of such license, regulation, order, price schedule, or requirement after receipt of such warning notice. No proceedings for suspension of a license, and no such suspension, shall confer any immunity from any other provision of this act.

SAVING PROVISIONS

SEC. 206. Any price schedule establishing a maximum price or maximum prices, issued by the Administrator of the Office of Price Administration or the Administrator of the Office of Price Administration and Civilian Supply, prior to the date upon which the Administrator provided for by section 201 of this act takes office, shall, from such date, have the same effect as if issued under section 2 of this act until such price schedule is superseded by action taken pursuant to such section 2. Such price schedules shall be consistent with the standards contained in section 2 and the limitations contained in section 3 of this act, and shall be subject to protest and review as provided in section 203

and section 204 of this act. All such price schedules shall be reprinted in the Federal Register within 10 days after the date upon which such Administrator takes office.

TITLE III—MISCELLANEOUS

QUARTERLY REPORT

SEC. 301. The Administrator from time to time, but not less frequently than once every 90 days, shall transmit to the Congress a report of operations under this act. If the Senate or the House of Representatives is not in session, such reports shall be transmitted to the Secretary of the Senate, or the Clerk of the House of Representatives, as the case may be.

DEFINITIONS

SEC. 302. As used in this act—

(a) The term "sale" includes sales, dispositions, exchanges, leases, and other transfers, and contracts and offers to do any of the foregoing. The terms "sell", "selling", "seller", "buy", and "buyer", shall be construed accordingly.

(b) The term "price" means the consideration demanded or received in connection with the sale of a commodity.

(c) The term "commodity" means commodities, articles, products, and materials (except books, magazines, motion pictures, periodicals and newspapers, and materials furnished for publication by any press association or feature service, other than as waste or scrap), and it also includes services rendered otherwise than as an employee in connection with the processing, distribution, storage, installation, repair, or negotiation of purchases or sales of a commodity, or in connection with the operation of any service establishment for the servicing of a commodity: *Provided*, That nothing in this act shall be construed to authorize the regulation of (1) compensation paid by an employer to any of his employees, or (2) rates charged by any common carrier or other public utility, or (3) rates charged by any person engaged in the business of selling or underwriting insurance, or (4) rates charged by any person engaged in the business of operating or publishing a newspaper, periodical, or magazine, or motion pictures or other theater enterprise, or operating a radio-broadcasting station, or outdoor advertising facilities, or (5) rates charged for any professional services.

(d) The term "defense-rental area" means the District of Columbia and any area designated by the Administrator as an area where defense activities have resulted or threaten to result in an increase in the rents for housing accommodations inconsistent with the purposes of this act.

(e) The term "defense-area housing accommodations" means housing accommodations within any defense-rental area.

(f) The term "housing accommodations" means any building, structure, or part thereof, or land appurtenant thereto, or any other real or personal property rented or offered for rent for living or dwelling purposes (including houses, apartments, hotels, rooming or boarding house accommodations, and other properties used for living or dwelling purposes) together with all privileges, services, furnishings, furniture, and facilities connected with the use or occupancy of such property.

(g) The term "rent" means the consideration demanded or received in connection with the use or occupancy or the transfer of a lease of any housing accommodations.

(h) The term "person" includes an individual, corporation, partnership, association,

or any other organized group of persons, or legal successor or representative of any of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing: *Provided*, That no punishment provided by this act shall apply to the United States, or to any such government, political subdivision, or agency.

(i) The term "maximum price," as applied to prices of commodities, means the maximum lawful price for such commodities, and the term "maximum rent" means the maximum lawful rent for the use of defense-area housing accommodations. Maximum prices and maximum rents may be formulated, as the case may be, in terms of prices, rents, margins, commissions, fees, and other charges, and allowances.

(j) The term "documents" includes records, books, accounts, correspondence, memoranda, and other documents, and drafts and copies of any of the foregoing.

(k) The term "district court" means any district court of the United States, and the United States Court for any Territory or other place subject to the jurisdiction of the United States; and the term "circuit courts of appeals" includes the United States Court of Appeals for the District of Columbia.

SEPARABILITY

SEC. 303. If any provision of this act or the application of such provision to any person or circumstances shall be held invalid, the validity of the remainder of the act and the applicability of such provision to other persons or circumstances shall not be affected thereby.

APPROPRIATIONS AUTHORIZED

SEC. 304. There are authorized to be appropriated such sums as may be necessary or proper to carry out the provisions and purposes of this act.

APPLICATION OF EXISTING LAW

SEC. 305. No provision of law in force on the date of enactment of this Act shall be construed to authorize any action inconsistent with the provisions and purposes of this act.

SHORT TITLE

SEC. 306. This act may be cited as the "Emergency Price Control Act of 1942."

Mr. BROWN. Mr. President, I ask unanimous consent that the clerks be authorized to renumber sections, correct punctuation, and so forth.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. BROWN. I move that the Senate insist upon its amendment, ask for a conference with the House thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. BROWN, Mr. GLASS, Mr. BARKLEY, Mr. BANKHEAD, Mr. TAFT, and Mr. DANAHY conferees on the part of the Senate.

ADJOURNMENT

Mr. BARKLEY. I move that the Senate adjourn.

The motion was agreed to; and (at 5 o'clock and 3 minutes p. m.) the Senate adjourned until Monday, January 12, 1942, at 12 o'clock meridian.



77TH CONGRESS
2D SESSION

H. R. 5990

IN THE HOUSE OF REPRESENTATIVES

JANUARY 12, 1942

Ordered to be printed with the amendment of the Senate

AN ACT

To further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **TITLE I—GENERAL PROVISIONS AND**

4 **AUTHORITY**

5 **PURPOSES; TIME LIMIT**

6 **SECTION 1.** ~~(a)~~ It is hereby declared that it is in the
7 interest of the national defense and security and the purposes
8 of this Act are ~~(1)~~ to preserve the value of the national
9 currency against the consequences of price and credit infla-

1 tion; ~~(2)~~ to stabilize prices and to prevent speculative, un-
2 warranted, and abnormal increases in prices and rents; ~~(3)~~
3 to prevent economic disturbances, labor disputes, burdens
4 upon interstate and foreign commerce, interference with the
5 effective use of the Nation's resources for defense, and
6 impairment of national unity and morale, which would result
7 from unwarranted increases in prices, rents, and the cost of
8 living; ~~(4)~~ to eliminate and prevent profiteering, hoarding,
9 manipulation, speculation, and other disruptive practices
10 resulting from abnormal market conditions or scarcities caused
11 by or contributing to the national emergency; ~~(5)~~ to prevent
12 prospects of price rises from encouraging the accumulation
13 and withholding of materials needed for national defense, and
14 from impeding long-term commitments for production; ~~(6)~~
15 to assure that defense appropriations are not dissipated by
16 excessive prices; ~~(7)~~ to obtain the maximum necessary pro-
17 duction without undue profits to low-cost producers; ~~(8)~~ to
18 protect persons with relatively fixed and limited incomes,
19 wage earners, investors, and persons dependent on life insur-
20 ance, annuities, and pensions, from undue impairment of their
21 standard of living; ~~(9)~~ to prevent a post-emergency collapse
22 of values; ~~(10)~~ to stabilize agricultural prices in the manner
23 provided in section 3; and ~~(11)~~ to provide procedures for
24 administration and review which will fairly protect the inter-
25 ests of those subject to this Act, without endangering the

1 dominant public interest in the accomplishment of the fore-
 2 going purposes.

3 (b) The provisions of this Act, and all regulations,
 4 orders, and requirements thereunder, shall terminate on June
 5 30, 1943, or upon the date of a proclamation by the President
 6 that the further continuance of the authority granted by this
 7 Act is not necessary in the interest of the national defense
 8 and security, or upon the date of enactment of an Act of
 9 Congress terminating such authority, whichever date is the
 10 earlier; except that as to offenses committed, or rights or
 11 liabilities incurred, prior to such termination date, the provi-
 12 sions of this Act and such regulations, orders, and require-
 13 ments, shall be treated as still remaining in force for the
 14 purpose of sustaining any proper suit, action, or prosecution
 15 with respect to any such right, liability, or offense.

16 (c) The provisions of this Act shall be applicable to
 17 the United States, its Territories and possessions, the District
 18 of Columbia, and the Philippine Islands.

19 PRICES, RENTS, AND MARKET AND RENTING PRACTICES

20 SEC. 2. (a) Whenever in the judgment of the Price
 21 Administrator (provided for in section 201) the price or
 22 prices of a commodity or commodities have risen or threaten
 23 to rise to an extent or in a manner inconsistent with the pur-
 24 poses of this Act, he shall by regulation or order establish
 25 such ceiling or ceilings as in his judgment will be generally

1 fair and equitable and will effectuate the purposes of this Act.
2 So far as practicable, in establishing any ceiling, the Admin-
3 istrator shall ascertain and give due consideration to the
4 prices prevailing for the commodity or commodities included
5 under such ceiling between the dates of October 1 and Oc-
6 tober 15, 1941, and shall make adjustments for such rele-
7 vant factors as he may, without undue burden on the economy,
8 determine and deem to be of general applicability, including
9 the following: Speculative fluctuations, general increases or de-
10 creases in costs of production and transportation, and general
11 increases or decreases in profits earned by sellers of the com-
12 modity or commodities, during and subsequent to the year
13 ended October 1, 1941. Every regulation or order estab-
14 lishing any ceiling under this subsection shall be accompanied
15 by a statement of the considerations involved in the issuance
16 of such regulation or order.

17 (b) Whenever in the judgment of the Administrator such
18 action is necessary or proper in order to effectuate the pur-
19 poses of this Act, he shall issue declarations setting forth the
20 necessity for, and recommendations with reference to, the
21 stabilization or reduction of rents for defense-area housing
22 accommodations within defense-rental areas. If within sixty
23 days after the issuance of any such recommendations rents for
24 any such accommodations have not in the judgment of the
25 Administrator been stabilized or reduced by State or local

1 regulation, or otherwise, in accordance with the recommenda-
2 tions, the Administrator shall by regulation or order establish
3 such ceiling or ceilings for such accommodations as in his
4 judgment will effectuate the purposes of this Act. So far as
5 practicable, in establishing any ceiling for any defense-area
6 housing accommodations, the Administrator shall ascertain
7 and give due consideration to the rents prevailing for the
8 accommodations, or comparable accommodations, on or about
9 April 1, 1940, and shall make adjustments for such relevant
10 factors as he may determine and deem to be of general appli-
11 cability in respect of the accommodations, including increases
12 or decreases in property taxes and other costs, during and sub-
13 sequent to the year ended April 1, 1940. In designating
14 defense-rental areas, in prescribing ceilings for such accom-
15 modations, and in selecting persons to administer such ceil-
16 ings, the Administrator shall, to such extent as he determines
17 to be practicable, consider any recommendations which may
18 be made by State and local officials concerned with housing
19 or rental conditions in any defense rental area.

20 (c) Any ceiling or ceilings may be established in such
21 form and manner, may contain such classifications and dif-
22 ferentiations, and may provide for such adjustments, as in
23 the judgment of the Administrator are necessary or proper
24 in order to effectuate the purposes of this Act. The Admin-
25 istrator may establish a ceiling or ceilings below the prices

1 prevailing for the commodity or commodities, or below the
2 rent or rents, in effect at the time of the establishment of such
3 ceiling or ceilings.

4 (d) Whenever in the judgment of the Administrator
5 such action is necessary or proper in order to effectuate the
6 purposes of this Act, he may, by regulation or order, regulate
7 or prohibit speculative or manipulative practices (including
8 practices relating to changes in form or quality) or hoarding,
9 in connection with any commodity, and speculative or manip-
10 ulative practices or renting or leasing practices (including
11 practices relating to recovery of the possession), in connec-
12 tion with any defense-area housing accommodations, which
13 in his judgment are equivalent to or are likely to result in
14 price or rent increases, as the case may be, inconsistent with
15 the purposes of this Act.

16 (e) Whenever in the judgment of the Administrator it
17 is necessary, in order to effectuate the purposes of this Act,
18 to obtain the production of marginal or high-cost producers,
19 he may so notify the President and the President may direct
20 any existing agency or agencies of the United States to exer-
21 cise, and any such agency or agencies shall exercise in accord-
22 ance with such directions, any authority heretofore or here-
23 after conferred on them by law to buy, sell, store, or use any
24 commodity produced in the United States by any such pro-
25 ducer: *Provided*, That any materials which have been here-

1 tofore or may hereafter be defined as strategic and critical
2 materials and supplies by the President pursuant to section
3 5d of the Reconstruction Finance Corporation Act, as
4 amended, may be bought in order to carry out the purposes
5 of this Act only by corporations created or organized pursuant
6 to said section 5d, upon such terms and conditions as they
7 may determine, and only with the approval of the President
8 and the Federal Loan Administrator: *Provided further*, That
9 nothing in this section shall be deemed to modify, suspend,
10 amend, or supersede any provision of the Tariff Act of 1930,
11 as amended: *Provided further*, That nothing in this section,
12 or any existing law, shall be construed to authorize any sale
13 or other disposition of any agricultural commodity contrary to
14 the provision of the Agricultural Adjustment Act of 1938, as
15 amended.

16 (f) No power conferred by this section shall be con-
17 strued to authorize any action contrary to the provisions and
18 purposes of section 3.

19 (g) The powers granted in this section shall not be used
20 or made to operate to compel changes in the business prac-
21 tices or cost practices or methods, means or aids to distribu-
22 tion established in any industry, except to prevent circum-
23 vention or evasion of any ceiling established under this Act.

24 (h) Regulations and orders issued under this section may
25 contain such provisions as the Administrator deems necessary

1 to prevent the circumvention or evasion of such regulations
2 and orders.

3 ~~(i)~~ No price ceiling shall be placed upon any fishery
4 commodity below the average price of such commodity in
5 the year 1941 nor below the average costs of production at
6 the time the ceiling is set.

7 ~~(j)~~ Any tenant may petition the Administrator to ad-
8 just the maximum-rent ceiling applicable to his housing
9 accommodations on the ground that such maximum-rent
10 ceiling permits the receipt of an unduly high rent; whereupon
11 the Administrator may, by order, adjust such maximum-rent
12 ceiling in such manner or amount as shall, in his judgment,
13 effectuate the purposes of this Act and provide a fair and
14 reasonable rent for such housing accommodations.

15 AGRICULTURAL COMMODITIES

16 SEC. 2. ~~(a)~~ No ceiling shall be established for any agri-
17 cultural commodity below ~~(1)~~ the market price equivalent
18 to 110 per centum of the parity price or comparable price
19 for such commodity, adjusted for grade, location, and sea-
20 sonal differentials, as determined and published by the Secre-
21 tary of Agriculture; nor ~~(2)~~ the market price prevailing for
22 such commodity on October 1, 1941; nor ~~(3)~~ the average
23 price for such commodity during the period July 1, 1919, to
24 June 30, 1929.

25 ~~(b)~~ For the purposes of this Act, parity prices shall be

1 determined and published by the Secretary of Agriculture as
 2 authorized by law: *Provided*, That in the case of any agri-
 3 cultural commodity other than the basic crops—corn, wheat,
 4 cotton, rice, tobacco, and peanuts—the Secretary shall deter-
 5 mine and publish a comparable price, whenever he finds,
 6 after investigation and public hearing, that the production
 7 and consumption of such commodity has so changed in extent
 8 or character since the base period as to result in a price out
 9 of line with parity prices for basic commodities.

10 ~~(c)~~ Any ceiling established on any commodity processed
 11 or manufactured in whole or substantial part from any agri-
 12 cultural commodity shall be consistent with the purposes set
 13 forth in subsection ~~(a)~~ herein and shall not be established
 14 in any manner as to circumvent, vitiate, or prevent the
 15 effectuation of such purposes.

16 ~~(d)~~ No provision of this Act or of any existing law
 17 shall be construed to authorize any action contrary to the
 18 provisions and purposes of this section.

19 PROHIBITIONS

20 SEC. 4. ~~(a)~~ It shall be unlawful, regardless of any
 21 agreement, lease, or other obligation heretofore or hereafter
 22 entered into, for any person to sell or deliver any commodity,
 23 to demand or receive any rent, or otherwise to do or omit
 24 to do any act, in violation of any regulation or order under

1 section 2, or any regulation, order, or requirement under sec-
 2 tion 202, or to offer, solicit, attempt, or agree to do any of
 3 the foregoing.

4 (b) It shall be unlawful for any person to remove or
 5 attempt to remove from any defense-area housing accom-
 6 modations the tenant or occupant thereof or to refuse to
 7 renew the lease or agreement for the use of such accommo-
 8 dations, because such tenant or occupant has taken, or pro-
 9 poses to take, action authorized or required by this Act or
 10 any regulation, order, or requirement thereunder.

11 (c) It shall be unlawful for any officer or employee of
 12 the Government, or for any adviser or consultant to the
 13 Administrator in his official capacity, to disclose, otherwise
 14 than in the course of official duty, any information obtained
 15 under this Act, or to use any such information for personal
 16 benefit.

17 (d) Nothing in this Act shall be construed to require
 18 any person to sell any commodity or to offer any accommo-
 19 dations for rent.

20 TITLE II—ADMINISTRATION AND ENFORCEMENT

21 ADMINISTRATION

22 SEC. 201. (a) There is hereby created the Price Con-
 23 trol Administration. The President shall appoint a Price
 24 Control Administrator, by and with the advice and consent
 25 of the Senate. All of the duties of the Price Control Admin-

1 istration shall be vested in the Administrator and the Board
2 of Administrative Review ~~(created in sec. 202 (a))~~. The
3 Administrator shall receive a salary of \$10,000 a year. The
4 Administrator may appoint, subject to the Civil Service
5 Act, as amended, and the Classification Act of 1923, as
6 amended, such personnel as may from time to time be
7 appropriated for by Congress. The Administrator may
8 utilize the services of Federal, State, and local agencies and
9 may utilize such regional, local, or other agencies, and utilize
10 such voluntary and uncompensated services, as may from
11 time to time be needed. Attorneys appointed under this
12 section may appear for and represent the Administrator in
13 any case in any court. In the appointment, selection, classi-
14 fication, and promotion of officers and employees of the Price
15 Control Administration, no political test or qualification shall
16 be permitted or given consideration, but all such appoint-
17 ments and promotions shall be given and made on the basis
18 of merit and efficiency.

19 (b) The principal office of the Administrator shall be in
20 the District of Columbia, but he or any duly authorized
21 representative may exercise any or all of his powers in any
22 place.

23 (c) The Administrator shall have authority to make
24 such expenditures ~~(including expenditures for personal serv-~~
25 ices and rent at the seat of government and elsewhere; for

1 lawbooks and books of reference; and for paper, printing, and
2 binding) as he may deem necessary for the administration
3 and enforcement of this Act. The provisions of section 3709
4 of the Revised Statutes shall not apply to the purchase of
5 supplies and services by the Administrator where the aggre-
6 gate amount involved does not exceed \$250.

7 (d) The Administrator may, from time to time, issue
8 such regulations and orders as he may deem necessary or
9 proper in order to carry out the purposes and provisions of
10 this Act.

11 SEC. 202. (a) There is hereby created in the Price Con-
12 trol Administration a Board of Administrative Review to be
13 composed of five members appointed by the President by and
14 with the advice and consent of the Senate. Each member
15 of the Board shall receive a salary of \$10,000 a year. The
16 Board shall choose one of its members to be chairman. The
17 Board shall be completely free and independent of the Price
18 Control Administrator in the performance of all of its duties
19 and functions. The Board may appoint, subject to the Civil
20 Service Act, as amended, and the Classification Act of 1923,
21 as amended, such personnel, including commissioners and at-
22 torneys, as may from time to time be appropriated for by
23 Congress. Three members of the Board shall constitute a
24 quorum. The Board may designate individual members,
25 committees of members of the Board or Commissioners, to

1 hold hearings from time to time in such places as may be
2 designated by the Board. All decisions of the Board shall
3 be agreed to by at least a majority of the members thereof.

4 (b) The principal office of the Board of Administrative
5 Review shall be in the District of Columbia, but such Board,
6 a member, committee of members or any duly authorized
7 commissioner or commissioners, may meet in any place
8 within the United States or its Territories and possessions
9 to conduct hearings and investigations.

10 SEC. 203. (a) The Administrator and the Board of Ad-
11 ministrative Review or any member or commissioner thereof
12 may administer oaths and affirmations, may require by sub-
13 poena or otherwise the attendance and testimony of witnesses
14 and the production of documents at any designated place.
15 No person shall be excused from complying with any re-
16 quirements under this section because of his privilege against
17 self-incrimination, but the immunity provisions of the Com-
18 pulsory Testimony Act of February 11, 1893 (U. S. C.,
19 1934 edition, title 49, sec. 46), shall apply with respect to
20 any individual who specifically claims such privilege.

21 (b) The Administrator or Board of Administrative
22 Review shall not publish or disclose any information obtained
23 under this Act that such Administrator or Board deems con-
24 fidential or with reference to which a request for confidential
25 treatment is made by the person furnishing such information.

1 SEC. 204. (a) Any person who is aggrieved by any
2 order or regulation of the Administrator may, within thirty
3 days after the issuance of such order or regulation, appeal
4 such order or regulation to the previously mentioned Board
5 of Administrative Review. Within thirty days of the filing
6 of such appeal with the Board of Administrative Review the
7 Board shall hold a public hearing on such appeal wherein
8 any person who is affected by such order and who is ag-
9 grieved may present testimony. Upon the request of any
10 aggrieved person affected by such order or regulation the
11 Board shall subpoena such witnesses as he may designate.
12 Within a reasonable time after the filing of such protest
13 against any order or regulation, but in no case more than
14 sixty days after the filing of such protest, the Board shall
15 make a determination. The Board is authorized to affirm,
16 amend, or modify such order or regulation, or may reverse or
17 set aside the same in whole or in part. The determination
18 of the Board of Administrative Review in all such appeals
19 shall entirely supersede and stand in the place of the original
20 order or regulation of the Administrator.

21 (b) Within thirty days after the determination of the
22 Board of Administrative Review any person aggrieved by
23 such determination may file a petition to review such deter-
24 mination in the circuit court of appeals for the circuit in which
25 the complainant resides, or in the United States Court of

1 Appeals for the District of Columbia, and thereupon such
2 court shall have the same powers with respect to such deter-
3 mination as in the case of an order of the Federal Trade
4 Commission under section 5 of the Federal Trade Commission
5 Act. The order of the court shall be subject to review by
6 the Supreme Court of the United States upon writ of certiorari
7 as provided in section 240 of the Judicial Code.

8 ENFORCEMENT

9 SEC. 205. (a) Whenever in the judgment of the Ad-
10 ministrator any person has engaged or is about to engage
11 in any acts or practices which constitute or will constitute
12 a violation of any provision of section 4 of this Act, he may
13 make application to the appropriate court for an order enjoin-
14 ing such acts or practices, or for an order enforcing com-
15 pliance with such provision, and upon a proper showing a
16 permanent or temporary injunction, restraining order, or
17 other order shall be granted without bond.

18 (b) Any person who willfully violates any provision of
19 section 4 of this Act, and any person who makes any state-
20 ment or entry false in any material respect in any document
21 or report required to be kept or filed under section 2 or sec-
22 tion 202, shall, upon conviction thereof, be subject to a fine
23 of not more than \$5,000, or to imprisonment for not more
24 than two years in the case of a violation of section 4 (c)-
25 and for not more than one year in all other cases, or to both

1 such fine and imprisonment. Whenever the Administrator
2 has reason to believe that any person is liable to punishment
3 under this subsection, he may certify the facts to the Attor-
4 ney General, who may, in his discretion, cause appropriate
5 proceedings to be brought.

6 (c) The district courts shall have jurisdiction of criminal
7 proceedings for violations of section 4 of this Act, and con-
8 currently with State and Territorial courts, of all civil pro-
9 ceedings under section 205 (a). Such civil proceedings
10 and any criminal proceedings may be brought in any district
11 in which any part of any act or transaction constituting
12 the violation occurred. Any such civil proceedings may
13 also be brought in the district in which the defendant resides
14 or transacts business, and process in such cases may be served
15 in any district wherein the defendant resides or transacts
16 business or wherever the defendant may be found. No costs
17 shall be assessed against the United States Government in
18 any proceeding under this Act.

19 (d) No person shall be held liable for damages or penal-
20 ties in any Federal, State, or Territorial court, on any grounds
21 for or in respect of anything done or omitted to be done in
22 good faith pursuant to any provision of this Act or any
23 regulation, order, or requirement thereunder, or under any
24 regulation or order of the Administrator of the Office of Price
25 Administration or of the Administrator of the Office of Price

1 Administration and Civilian Supply, notwithstanding that
 2 subsequently such provision, regulation, order, or requirement
 3 may be modified, rescinded, or determined to be invalid.
 4 The Administrator may intervene in any suit or action
 5 wherein a party relies for ground of relief or defense upon
 6 this Act or any regulation, order, or requirement thereunder.

7 EFFECT OF PRICE REGULATIONS ON CONTRACT

8 OBLIGATIONS

9 SEC. 206. Provisions in any contract or agreement for
 10 the sale of any commodity heretofore or hereafter entered
 11 into while a ceiling on such commodity was in effect, which
 12 require the payment, either unconditionally or on condition
 13 that such ceiling should be modified, rescinded, or declared
 14 invalid, of a price in excess of such ceiling are hereby declared
 15 to be invalid and unenforceable. Provisions in any contract
 16 or agreement for the sale of any commodity heretofore or
 17 hereafter entered into while a ceiling on such commodity
 18 was not in effect, but under which deliveries were made while
 19 such a ceiling was in effect, which require the payment,
 20 either conditionally or unconditionally, of a price in excess
 21 of such ceiling, are hereby declared invalid and unenforce-
 22 able with respect to such deliveries. As used in this section
 23 the term ceiling shall include any ceiling established by
 24 regulation or order of the Administrator of the Office of

1 Price Administration or the Administrator of the Office of
2 Price Administration and Civilian Supply.

3 TITLE III—MISCELLANEOUS

4 QUARTERLY REPORT

5 SEC. 301. The Administrator from time to time, but not
6 less frequently than once every ninety days, shall transmit to
7 the Congress a report of operations under this Act. If the
8 Senate or the House of Representatives is not in session,
9 such reports shall be transmitted to the Secretary of the
10 Senate, or the Clerk of the House of Representatives, as the
11 case may be.

12 DEFINITIONS

13 SEC. 302. As used in this Act—

14 (a) The term "sale" includes sales, dispositions, ex-
15 changes, leases, and other transfers, and contracts and offers
16 to do any of the foregoing. The terms "sell", "selling",
17 "seller", "buy", and "buyer", shall be construed accordingly.

18 (b) The term "price" means the consideration demanded
19 or received in connection with the sale of a commodity.

20 (c) The term "commodity", in addition to commodities,
21 articles, products, and materials, includes services rendered
22 otherwise than as an employee in connection with the proe-
23 essing, distribution, storage, installation, repair, or negotia-
24 tion of purchases or sales, of a commodity, or in connection
25 with the operation of any service establishment: *Provided*,

1 That nothing in this Act shall be construed to authorize the
2 regulation of ~~(1)~~ compensation paid by an employer to any
3 of his employees, or ~~(2)~~ rates charged by any common carrier
4 or other public utility.

5 ~~(d)~~ The term "defense-rental area" means the District
6 of Columbia and any area designated by the Administrator
7 as an area where defense activities have resulted or threaten
8 to result in an increase in the rents for housing accommoda-
9 tions inconsistent with the purposes of this Act.

10 ~~(e)~~ The term "defense-area housing accommodations"
11 means housing accommodations within any defense-rental
12 area.

13 ~~(f)~~ The term "housing accommodations" means any
14 building, structure, or part thereof, or land appurtenant
15 thereto, or any other real or personal property rented or
16 offered for rent for living or dwelling purposes ~~(including~~
17 houses, apartments, hotels, rooming or boarding house accom-
18 modations, and other properties used for living or dwelling
19 purposes) together with all privileges, services, furnishings,
20 furniture, and facilities connected with the use or occupancy
21 of such property.

22 ~~(g)~~ The term "rent" means the consideration demanded
23 or received in connection with the use or occupancy or the
24 transfer of a lease of any housing accommodations.

25 ~~(h)~~ The term "person" includes an individual, corpora-

tion, partnership, association, or any other organized group of persons, or legal successor or representative of any of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing: *Provided*, That no punishment provided by this Act shall apply to the United States, or to any such government, political subdivision, or agency.

(i) The term "ceiling", as applied to prices of commodities means the maximum lawful price for such commodities, and as applied to rents, means the maximum lawful rent for the use of defense-area housing accommodations. Ceilings may be formulated in terms of prices, rents, margins, commissions, fees, and other charges, and allowances.

(j) The term "documents" includes records, books, accounts, correspondence, memoranda, and other documents, and drafts and copies of any of the foregoing.

(k) The term "district court" means any district court of the United States, and the United States Court for any Territory or other place subject to the jurisdiction of the United States.

SEPARABILITY

SEC. 303. If any provision of this Act or the application of such provision to any person or circumstances shall be held invalid, the validity of the remainder of the Act and

1 the applicability of such provision to other persons or cir-
2 cumstances shall not be affected thereby.

3 APPROPRIATIONS AUTHORIZED

4 SEC. 304. There are authorized to be appropriated such
5 sums as may be necessary or proper to carry out the pro-
6 visions and purposes of this Act.

7 SHORT TITLE

8 SEC. 305. This Act may be cited as the "Emergency
9 Price Control Act of 1941".

10 TITLE I—GENERAL PROVISIONS AND

11 AUTHORITY

12 PURPOSES; TIME LIMIT; APPLICABILITY

13 SECTION 1. (a) *It is hereby declared that it is in the*
14 *interest of the national defense and security and necessary*
15 *to the effective prosecution of the present war, and the pur-*
16 *poses of this Act are, to stabilize prices and to prevent specu-*
17 *lative, unwarranted, and abnormal increases in prices and*
18 *rents; to eliminate and prevent profiteering, hoarding,*
19 *manipulation, speculation, and other disruptive practices*
20 *resulting from abnormal market conditions or scarcities*
21 *caused by or contributing to the national emergency; to pro-*
22 *tect persons with relatively fixed and limited incomes, con-*
23 *sumers, wage earners, investors, and persons dependent on*
24 *life insurance, annuities, and pensions, from undue impair-*
25 *ment of their standard of living; to prevent hardships to*

1 persons engaged in business, to endowed schools, univer-
2 sities, and other institutions, and to the Federal, State, and
3 local governments, which would result from abnormal in-
4 creases in prices; to assist in securing adequate production
5 of commodities and facilities; and to permit voluntary coop-
6 eration between the Government and producers, processors,
7 and others to accomplish the aforesaid purposes. It shall be
8 the policy of those departments and agencies of the Gov-
9 ernment dealing with wages (including the Department of
10 Labor and its various bureaus, the War Department, the
11 Navy Department, the Office of Production Management, the
12 National Labor Relations Board, the Railway Labor Board,
13 the National Defense Mediation Board, and others), within
14 the limits of their authority and jurisdiction, to work toward
15 a stabilization of prices and cost of production.

16 (b) The provisions of this Act, and all regulations,
17 orders, price schedules, and requirements thereunder, shall
18 terminate on June 30, 1943, or upon the date of a proclama-
19 tion by the President that the further continuance of the au-
20 thority granted by this Act is not necessary in the interest
21 of the national defense and security, or until such time
22 as the Congress by concurrent resolution may designate,
23 whichever date is the earlier; except that as to offenses com-
24 mitted, or rights or liabilities incurred, prior to such ter-
25 mination date, the provisions of this Act and such regula-

1 tions, orders, price schedules, and requirements shall be
 2 treated as still remaining in force for the purpose of sustaining
 3 any proper suit, action, or prosecution with respect to any
 4 such right, liability, or offense.

5 (c) The provisions of this Act shall be applicable to
 6 the United States, its Territories and possessions, and the
 7 District of Columbia.

8 PRICES, RENTS, AND MARKET AND RENTING PRACTICES

9 SEC. 2. (a) Whenever in the judgment of the Price
 10 Administrator (provided for in section 201) the price or
 11 prices of a commodity or commodities have risen or threaten
 12 to rise to an extent or in a manner inconsistent with the pur-
 13 poses of this Act, he may by regulation or order establish
 14 such maximum price or maximum prices as in his judgment
 15 will be generally fair and equitable and will effectuate the
 16 purposes of this Act. So far as practicable, in establishing
 17 any maximum price, the Administrator shall ascertain and
 18 give due consideration to the prices prevailing between October
 19 1 and October 15, 1941 (or if for any reason such period
 20 reflects abnormal market conditions for a particular com-
 21 modity, then during the nearest two-week period which is not
 22 abnormal as determined by the Administrator) for the com-
 23 modity or commodities included under such regulation or
 24 order, and shall make adjustments for such relevant factors
 25 as he may determine and deem to be of general applicability,

1 including the following: Speculative fluctuations, general
2 increases or decreases in costs of production, distribution
3 and transportation, and general increases or decreases in
4 profits earned by sellers of the commodity or commodities,
5 during and subsequent to the year ended October 1, 1941.
6 Every regulation or order issued under the foregoing pro-
7 visions of this subsection shall be accompanied by a state-
8 ment of the considerations involved in the issuance of such
9 regulation or order. As used in the foregoing provisions of
10 this subsection, the term "regulation or order" means a regu-
11 lation or order of general applicability and effect. Before
12 issuing any regulation or order under the foregoing provi-
13 sions of this subsection, the Administrator shall, so far as
14 practicable, advise and consult with representative members
15 of the industry which will be affected by such regulation or
16 order. In the case of any commodity for which a maximum
17 price has been established, the Administrator shall, at the
18 request of any substantial portion of the industry subject to
19 such maximum price, regulation or order of the Adminis-
20 trator, appoint an industry advisory committee, or com-
21 mittees, either national or regional or both, consisting of such
22 number of representatives of the industry as may be neces-
23 sary in order to constitute a committee truly representative of
24 the industry, or of the industry in such region, as the case may
25 be. The committee shall select a chairman from among its

1 members, and shall meet at the call of the chairman. The
2 Administrator shall from time to time, at the request of the
3 committee, advise and consult with the committee with re-
4 spect to the regulation or order, and with respect to the form
5 thereof, and classifications, differentiations, and adjustments
6 therein. The committee may make such recommendations
7 to the Administrator as it deems advisable. Whenever
8 in the judgment of the Administrator such action is necessary
9 or proper in order to effectuate the purposes of this Act, he
10 may, without regard to the foregoing provisions of this subsec-
11 tion, issue temporary regulations or orders establishing as a
12 maximum price or maximum prices the price or prices prevail-
13 ing with respect to any commodity or commodities on the date
14 of issuance of such temporary regulations or orders; but any
15 such temporary regulation or order shall be effective for not
16 more than sixty days, and may be replaced by a regulation
17 or order issued under the foregoing provisions of this
18 subsection.

19 (b) Whenever in the judgment of the Administrator such
20 action is necessary or proper in order to effectuate the pur-
21 poses of this Act, he shall issue declarations setting forth the
22 necessity for, and recommendations with reference to the
23 stabilization or reduction of rents for defense-area housing
24 accommodations within defense-rental areas. If within sixty
25 days after the issuance of any such recommendations rents for

1 any such accommodations have not in the judgment of the
2 Administrator been stabilized or reduced by State or local
3 regulation, or otherwise, in accordance with the recommenda-
4 tions, the Administrator shall by regulation or order establish
5 such maximum rent or maximum rents for such accomoda-
6 tions as in his judgment will be generally fair and equitable
7 and will effectuate the purposes of this Act. So far as
8 practicable, in establishing any maximum rent for any
9 defense-area housing accommodations, the Administrator shall
10 ascertain and give due consideration to the rents pre-
11 vailing for such accommodations, or comparable accommo-
12 dations, on or about April 1, 1941 (or if defense activities
13 have already resulted in an increase in the rents for housing
14 accommodations on such date inconsistent with the purposes
15 of this Act, then on or about the nearest date, not earlier than
16 April 1, 1940, which in the judgment of the Administrator
17 do not reflect such increases), and he shall make adjustments
18 for such relevant factors as he may determine and deem to be
19 of general applicability in respect of such accommodations,
20 including increases or decreases in property taxes and other
21 costs, subsequent to such date and for the preceding twelve
22 months. In designating defense-rental areas, in prescribing
23 maximum rents for such accommodations, and in selecting
24 persons to administer such maximum rents, the Adminis-
25 trator shall, to such extent as he determines to be practicable,

1 consider any recommendations which may be made by State
2 and local officials concerned with housing or rental conditions
3 in any defense-rental area.

4 (c) Any regulation or order under this Act may be
5 established in such form and manner, may contain such
6 classifications and differentiations, and may provide for such
7 adjustments and reasonable exceptions, as in the judgment of
8 the Administrator are necessary or proper in order to effec-
9 tuate the purposes of this Act. Any regulation or order under
10 this section which establishes a maximum price or maximum
11 rent may provide for a maximum price or maximum rent
12 below the price or prices prevailing for the commodity
13 or commodities, or below the rent or rents prevailing for the
14 defense-area housing accommodations, at the time of the
15 issuance of such regulation or order.

16 (d) Whenever in the judgment of the Administrator
17 such action is necessary or proper in order to effectuate the
18 purposes of this Act, he may, by regulation or order, regulate
19 or prohibit speculative or manipulative practices (including
20 practices relating to changes in form or quality) or hoarding,
21 in connection with any commodity, and speculative or manip-
22 ulative practices or renting or leasing practices (including
23 practices relating to recovery of the possession), in connec-
24 tion with any defense-area housing accommodations, which
25 in his judgment are equivalent to or are likely to result in

1 price or rent increases, as the case may be, inconsistent with
2 the purposes of this Act.

3 (e) Whenever in the judgment of the Administrator such
4 action is necessary or proper in order to effectuate the pur-
5 poses of this Act, he may, in order to obtain the maximum
6 necessary production of any commodity, whether by purchase
7 from marginal or high-cost producers or others, or to
8 prevent price increases inconsistent with the purposes of this
9 Act, buy or sell at public or private sale, or store or use
10 on behalf of the United States, any commodity, upon such
11 terms as he shall deem necessary without regard to any pro-
12 vision of law requiring competitive bidding: Provided, That
13 any materials which have been heretofore or may hereafter
14 be defined as strategic and critical materials and supplies by
15 the President pursuant to section 5d of the Reconstruction
16 Finance Corporation Act, as amended, may be bought or sold
17 or stored or used, in order to carry out the purposes of this
18 Act, only by corporations created or organized pursuant to
19 said section 5d, upon such terms and conditions as they may
20 determine, and only with the approval of the President and the
21 Federal Loan Administrator; except that in the case of the
22 sale of any commodity by any such corporation, the sale
23 price therefor shall not exceed any maximum price estab-
24 lished pursuant to subsection (a) of this section which is
25 applicable to such commodity at the time of sale or delivery,

1 but such sale price may be below such maximum price or
2 below the purchase price of such commodity, and the Ad-
3 ministrator may make recommendations with respect to the
4 buying or selling, or storage or use, of any such commodity.
5 In any case in which a commodity is domestically produced,
6 the powers granted to the Administrator by this subsection
7 shall be exercised with respect to importations of such com-
8 modity only to the extent that, in the judgment of the Admin-
9 istrator, the domestic production of the commodity is not suffi-
10 cient to satisfy the demand therefor. The proceeds of any
11 sale by the Administrator under this subsection shall be used
12 as a revolving fund for carrying out the provisions of this
13 subsection. Nothing in this section shall be construed to
14 modify, suspend, amend, or supersede any provision of the
15 Tariff Act of 1930, as amended, and nothing in this section,
16 or in any existing law, shall be construed to authorize
17 any sale or other disposition of any agricultural commodity
18 contrary to the provisions of the Agricultural Adjustment
19 Act of 1938, as amended, nor the prohibition of futures trad-
20 ing in any agricultural commodity subject to the provisions
21 of the Commodity Exchange Act, as amended.

22 (f) No power conferred by this section shall be con-
23 strued to authorize any action contrary to the provisions and
24 purposes of section 3.

25 (g) Regulations, orders, and requirements under this

1 *Act may contain such provisions as the Administrator deems*
 2 *necessary to prevent the circumvention or evasion thereof.*

3 *(h) The powers granted in this section shall not be used*
 4 *or made to operate to compel changes in the business prac-*
 5 *tices or cost practices or methods, means or aids to distribu-*
 6 *tion established in any industry, except to prevent circum-*
 7 *vention or evasion of any ceiling established under this Act.*

8 *AGRICULTURAL COMMODITIES*

9 *SEC. 3. (a) No maximum price shall be established or*
 10 *maintained for any agricultural commodity below either (1)*
 11 *the then current emergency wage parity price or comparable*
 12 *price for such commodity, adjusted for grade, location and*
 13 *seasonal differentials, as determined and published by the*
 14 *Secretary of Agriculture in the manner hereinafter provided*
 15 *in subsection (b); or (2) the market price prevailing for*
 16 *such commodity on October 1, 1941, or December 15, 1941,*
 17 *whichever under clause (1) or (2) is the higher; or (3) the*
 18 *average price for such commodity during the period July 1,*
 19 *1919, to June 30, 1929.*

20 *(b) For the purposes of this Act, emergency wage parity*
 21 *prices shall be determined by the Secretary of Agriculture by*
 22 *constructing a combined index in which the purchasing power*
 23 *index now used by the Secretary to compute parity prices*
 24 *shall be given a weight of 80 and a factor representing an*
 25 *index of urban wage rates, as determined by the formula in*

1 use January 1, 1941, in the index of wage rates published in
2 "The Monthly Review of Credit and Business Conditions"
3 by the Federal Reserve Bank of New York, shall be given a
4 weight of 20. This combined index shall have August 1909,
5 to July 1914, as a base period. In applying this combined
6 index the Secretary shall take such steps as in his judgment
7 may be necessary to establish and maintain equitable price
8 relationships, as among all agricultural commodities.

9 (c) Any maximum price established upon the resale
10 price of any agricultural commodity, or any grade, regional
11 or market classification thereof, or upon the price of any
12 commodity processed or manufactured in whole or substantial
13 part from any agricultural commodity shall not be below a
14 price which will reflect to the producer of such agricultural
15 commodity the emergency wage parity or comparable price
16 therefor as determined pursuant to this section.

17 (d) Neither the provisions of section 5 nor any other
18 provision of this Act shall be construed to authorize any
19 action contrary to the provisions and purposes of this section:
20 Provided, That nothing contained in this Act shall be con-
21 strued to modify, repeal, supersede, or affect the provisions
22 of the Act of Congress cited as the Agricultural Marketing
23 Agreement Act of 1937, as amended, or to invalidate any
24 marketing agreement, license, or order, or any provisions

1 thereof, or amendments thereto, which may be in existence
2 or hereafter issued under the provisions of said Act.

3 (e) Notwithstanding any other provision of this or any
4 other law, no action shall be taken under this Act by the Ad-
5 ministrator or any other person with respect to any agricul-
6 tural commodity without the prior approval of the Secretary
7 of Agriculture.

PROHIBITIONS

9 SEC. 4. (a) It shall be unlawful, regardless of any
10 contract, agreement, lease, or other obligation heretofore or
11 hereafter entered into, for any person to sell or deliver any
12 commodity, or in the course of trade or business to buy or
13 receive any commodity, or to demand or receive any rent
14 for any defense-area housing accommodations, or otherwise
15 to do or omit to do any act, in violation of any regulation
16 or order establishing a maximum price or maximum rent,
17 or of any other regulation, order, or requirement under this
18 Act, or to offer, solicit, attempt, or agree to do any of the
19 foregoing. As used in this subsection, the term "maximum
20 price" shall include (1) any price schedule issued by the
21 Administrator of the Office of Price Administration or the
22 Administrator of the Office of Price Administration and
23 Civilian Supply, prior to the date upon which the Admin-
24 istrator provided for by section 201 of this Act takes office,
25 which is effective in accordance with the provisions of section

1 206 of this Act, or (2) any maximum price established by
2 a regulation or order issued by such Administrator after he
3 takes office; and the term "maximum rent" shall include any
4 maximum rent established by a regulation or order issued by
5 such Administrator after he takes office.

6 (b) It shall be unlawful for any person to remove or
7 attempt to remove from any defense-area housing accom-
8 modations the tenant or occupant thereof or to refuse to
9 renew the lease or agreement for the use of such accommo-
10 dations, because such tenant or occupant has taken, or pro-
11 poses to take, action authorized or required by this Act or
12 any regulation, order, or requirement thereunder.

13 (c) It shall be unlawful for any officer or employee of
14 the Government, or for any adviser or consultant to the
15 Administrator in his official capacity, to disclose, otherwise
16 than in the course of official duty, any information obtained
17 under this Act, or to use any such information, for personal
18 benefit.

19 (d) Nothing in this Act shall be construed to require
20 any person to sell any commodity or to offer any accommo-
21 dations for rent.

22 VOLUNTARY AGREEMENTS

23 SEC. 5. In carrying out the provisions of this Act, the
24 Administrator is authorized to confer with producers,
25 processors, manufacturers, retailers, wholesalers, and other

1 groups having to do with commodities, and with representa-
2 tives and associations thereof, to cooperate with any agency
3 or person, and to enter into voluntary arrangements or
4 agreements with any such persons, groups, or associations
5 relating to the fixing of maximum prices, the issuance of
6 other regulations or orders, or otherwise.

7 TITLE II—ADMINISTRATION AND
8 ENFORCEMENT

9 ADMINISTRATION

10 SEC. 201. (a) There is hereby created an Office of
11 Price Administration, which shall be under the direction of a
12 Price Administrator (referred to in this Act as the "Adminis-
13 trator"). The Administrator shall be appointed by the
14 President, by and with the advice and consent of the Senate,
15 and shall receive compensation at the rate of \$12,000 per
16 annum. The Administrator may, subject to the civil-service
17 laws, appoint such employees as he deems necessary in order
18 to carry out his functions and duties under this Act, and
19 shall fix their compensation in accordance with the Classifica-
20 tion Act of 1923, as amended. The Administrator may
21 utilize the services of Federal, State, and local agencies and
22 may utilize and establish such regional, local, or other agen-
23 cies, and utilize such voluntary and uncompensated services,
24 as may from time to time be needed: Provided, That all
25 appointees receiving \$4,000 a year or more, and all chiefs of

1 regional and State agencies established by the Administrator
2 shall be appointed by the President by and with the advice
3 and consent of the Senate. Attorneys appointed under this
4 section may appear for and represent the Administrator
5 in any case in any court. In the appointment, selection,
6 classification, and promotion of officers and employees of the
7 Office of Price Administration, no political test or qualifica-
8 tion shall be permitted or given consideration, but all such
9 appointments and promotions shall be given and made on the
10 basis of merit and efficiency.

11 (b) The principal office of the Administrator shall be in
12 the District of Columbia, but he or any duly authorized
13 representative may exercise any or all of his powers in any
14 place. The President is authorized to transfer any of the
15 powers and functions conferred by this Act upon the Office
16 of Price Administration with respect to a particular com-
17 modity or commodities to any other department or agency
18 of the Government having other functions with relation to
19 such commodity or commodities, and to transfer to the Office
20 of Price Administration any of the powers and functions
21 conferred by law upon any other department or agency of
22 the Government with respect to any particular commodity
23 or commodities other than agricultural commodities, includ-
24 ing the power to order priorities, purchase, sell, store, handle,
25 or otherwise deal with any such commodity or commodities.

1 (c) *The Administrator shall have authority to make*
2 *such expenditures (including expenditures for personal serv-*
3 *ices and rent at the seat of government and elsewhere; for*
4 *lawbooks and books of reference; and for paper, printing, and*
5 *binding) as he may deem necessary for the administration*
6 *and enforcement of this Act. The provisions of section 3709*
7 *of the Revised Statutes shall not apply to the purchase of*
8 *supplies and services by the Administrator where the aggre-*
9 *gate amount involved does not exceed \$250.*

10 (d) *The Administrator may, from time to time, issue*
11 *such regulations and orders as he may deem necessary or*
12 *proper in order to carry out the purposes and provisions of*
13 *this Act.*

14 (e) *The Administrator shall not have any authority to*
15 *fix or regulate prices or rents except such authority as is*
16 *conferred by this Act and exercised in accordance with its*
17 *provisions.*

18 SEC. 202. (a) *The Administrator may make such studies*
19 *and investigations, and obtain or require the furnishing of*
20 *such information under oath or affirmation or otherwise, as he*
21 *deems necessary or proper to assist him in prescribing any*
22 *regulation or order under this Act, or in the administration*
23 *and enforcement of this Act and regulations, orders, and*
24 *price schedules thereunder. For such purposes the Adminis-*
25 *trator may administer oaths and affirmations, may require by*
26 *subpena or otherwise the attendance and testimony of witnesses*

1 and the production of documents at any designated place, may
2 require persons to permit the inspection and copying of docu-
3 ments, the inspection of defense-area housing accommodations,
4 and the inspection of inventories, and may, by regulation or
5 order, require the making and keeping of records and other
6 documents and the making of reports: Provided, That the
7 production of books or documents shall not be required in any
8 case in which the desired information may be obtained through
9 the inspection of books or documents or through copies of
10 book entries or documents, or in cases in which the Adminis-
11 trator is satisfied that the production of particular documents
12 would result in undue hardship to the person from whom
13 such production has been requested. No person shall be ex-
14 cused from complying with any requirements under this sec-
15 tion because of his privilege against self-incrimination, but the
16 immunity provisions of the Compulsory Testimony Act of
17 February 11, 1893 (U. S. C., 1934 edition, title 49, sec.
18 46), shall apply with respect to any individual who specifically
19 claims such privilege.

20 (b) The Administrator shall not publish or disclose any
21 information obtained under this Act that such Administrator
22 deems confidential or with reference to which a request for
23 confidential treatment is made by the person furnishing such
24 information, unless he determines that the withholding thereof
25 is contrary to the interest of the national defense and security.

PROCEDURE

1
2 *SEC. 203. (a) Within a period of sixty days after the*
3 *issuance of any regulation or order under section 2, or in*
4 *the case of a price schedule, within a period of sixty days after*
5 *the effective date thereof specified in section 206, any person*
6 *subject to any provision of such regulation, order, or price*
7 *schedule may, in accordance with regulations to be prescribed*
8 *by the Administrator, file a protest specifically setting forth*
9 *objections to any such provision and affidavits or other written*
10 *evidence in support of such objections. At any time after*
11 *the expiration of such sixty days any person subject to any*
12 *provision of such regulation, order, or price schedule may file*
13 *such a protest based solely on grounds arising after the ex-*
14 *piration of such sixty days. Statements in support of any*
15 *such regulation, order, or price schedule may be received*
16 *and incorporated in the transcript of the proceedings at such*
17 *times and in accordance with such regulations as may be*
18 *prescribed by the Administrator. Within a reasonable time*
19 *after the filing of any protest under this subsection, but in*
20 *no event more than thirty days after such filing or ninety*
21 *days after the issuance of the regulation or order (or in the*
22 *case of a price schedule, ninety days after the effective date*
23 *thereof specified in section 206) in respect of which the pro-*
24 *test is filed, whichever occurs later, the Administrator shall*
25 *either grant or deny such protest in whole or in part, notice*

1 such protest for hearing, or provide an opportunity to present
 2 further evidence in connection therewith. In the event that
 3 the Administrator denies any such protest in whole or in part,
 4 he shall inform the protestant of the grounds upon which such
 5 decision is based, and of any economic data and other facts
 6 of which the Administrator has taken official notice.

7 (b) In the administration of this Act the Administrator
 8 may take official notice of economic data and other facts,
 9 including facts found by him as a result of action taken under
 10 section 202.

11 (c) Any proceedings under this section may be limited
 12 by the Administrator to the filing of affidavits, or other written
 13 evidence, and the filing of briefs.

14 REVIEW

15 SEC. 204. (a) Any protestant who is aggrieved by the
 16 denial or partial denial of his protest may, within thirty
 17 days after such denial, file a complaint with the Emergency
 18 Court of Appeals, created pursuant to subsection (c), speci-
 19 fying his objections and praying that the regulation, order, or
 20 price schedule protested be enjoined or set aside in whole or
 21 in part. A copy of such complaint shall forthwith be served
 22 on the Administrator, who shall certify and file with such
 23 court a transcript of such portions of the proceedings in con-
 24 nection with the protest as are material under the complaint.
 25 Such transcript shall include a statement setting forth, so far

1 as practicable, the economic data and other facts of which
2 the Administrator has taken official notice. Upon the filing
3 of such complaint the court shall have exclusive jurisdiction
4 to set aside such regulation, order, or price schedule, in whole
5 or in part, to dismiss the complaint, or to remand the proceed-
6 ing: Provided, That the regulation, order, or price schedule
7 may be modified or rescinded by the Administrator at any time
8 notwithstanding the pendency of such complaint. No objection
9 to such regulation, order, or price schedule, and no evidence
10 in support of any objection thereto, shall be considered by the
11 court, unless such objection shall have been set forth by the
12 complainant in the protest or such evidence shall be con-
13 tained in the transcript. If application is made to the court
14 by either party for leave to introduce additional evidence
15 which was either offered to the Administrator and not admit-
16 ted, or which could not reasonably have been offered to the
17 Administrator or included by the Administrator in such
18 proceedings, and the court determines that such evidence
19 should be admitted, the court shall order the evidence to be
20 presented to the Administrator. The Administrator shall
21 promptly receive the same, and such other evidence as he
22 deems necessary or proper, and thereupon he shall certify
23 and file with the court a transcript thereof and any modifica-
24 tion made in the regulation, order, or price schedule as a

1 result thereof; except that on request by the Administrator,
2 any such evidence shall be presented directly to the court.

3 (b) No such regulation, order, or price schedule shall
4 be enjoined or set aside, in whole or in part, unless the com-
5 plainant establishes to the satisfaction of the court that the
6 regulation, order, or price schedule is not in accordance
7 with law, or is arbitrary or capricious. The effectiveness
8 of a judgment of the court enjoining or setting aside, in whole
9 or in part, any such regulation, order, or price schedule shall
10 be postponed until the expiration of thirty days from the entry
11 thereof, except that if a petition for a writ of certiorari is filed
12 with the Supreme Court under subsection (d) within such
13 thirty days, the effectiveness of such judgment shall be post-
14 poned until an order of the Supreme Court denying such peti-
15 tion becomes final, or until other final disposition of the case by
16 the Supreme Court.

17 (c) There is hereby created a court of the United States
18 to be known as the Emergency Court of Appeals, which shall
19 consist of three or more judges to be designated by the Chief
20 Justice of the United States from judges of the United States
21 district courts and circuit courts of appeals. The Chief
22 Justice of the United States shall designate one of such judges
23 as chief judge of the Emergency Court of Appeals, and may,
24 from time to time, designate additional judges for such court

1 and revoke previous designations. The chief judge may,
2 from time to time, divide the court into divisions of three or
3 more members, and any such division may render judgment
4 as the judgment of the court. The court shall have the powers
5 of a district court with respect to the jurisdiction conferred
6 on it by this Act; except that the court shall not have power
7 to issue any temporary restraining order or interlocutory
8 decree staying or restraining, in whole or in part, the effec-
9 tiveness of any regulation or order issued under section 2 or
10 any price schedule effective in accordance with the provisions
11 of section 206. The court shall exercise its powers and
12 prescribe rules governing its procedure in such manner as to
13 expedite the determination of cases of which it has jurisdiction
14 under this Act. The court shall have a seal, hold sessions at
15 such places as it may specify, and appoint a clerk and such
16 other employees as it deems necessary or proper.

17 (d) Within thirty days after entry of a judgment or
18 order, interlocutory or final, by the Emergency Court of
19 Appeals, a petition for a writ of certiorari may be filed in
20 the Supreme Court of the United States, and thereupon the
21 judgment or order shall be subject to review by the Supreme
22 Court in the same manner as a judgment of a circuit court of
23 appeals as provided in section 240 of the Judicial Code, as
24 amended (U. S. C., 1934 edition, title 28, sec. 347). The
25 Supreme Court shall advance on the docket and expedite the

1 *disposition of all causes filed therein pursuant to this sub-*
2 *section. The Emergency Court of Appeals, and the Supreme*
3 *Court upon review of judgments and orders of the Emergency*
4 *Court of Appeals, shall have exclusive jurisdiction to deter-*
5 *mine the validity of any regulation or order issued under*
6 *section 2, of any price schedule effective in accordance with*
7 *the provisions of section 206, and of any provision of any*
8 *such regulation, order, or price schedule. Except as pro-*
9 *vided in this section, no court, Federal, State, or Territorial,*
10 *shall have jurisdiction or power to consider the validity of*
11 *any such regulation, order, or price schedule, or to stay,*
12 *restrain, enjoin, or set aside, in whole or in part, any provi-*
13 *sion of this Act authorizing the issuance of such regulations*
14 *or orders, or making effective any such price schedule, or any*
15 *provision of any such regulation, order, or price schedule,*
16 *or to restrain or enjoin the enforcement of any such provision.*

17 **ENFORCEMENT**

18 *SEC. 205. (a) Whenever in the judgment of the Ad-*
19 *ministrator any person has engaged or is about to engage*
20 *in any acts or practices which constitute or will constitute*
21 *a violation of any provision of section 4 of this Act, he may*
22 *make application to the appropriate court for an order enjoin-*
23 *ing such acts or practices, or for an order enforcing com-*
24 *pliance with such provision, and upon a showing by the*
25 *Administrator that such person has engaged or is about to*

1 *engage in any such acts or practices a permanent or tem-*
2 *porary injunction, restraining order, or other order shall be*
3 *granted without bond.*

4 **(b)** *Any person who willfully violates any provision of*
5 *section 4 of this Act, and any person who makes any state-*
6 *ment or entry false in any material respect in any document*
7 *or report required to be kept or filed under section 2 or sec-*
8 *tion 202, shall, upon conviction thereof, be subject to a fine*
9 *of not more than \$5,000, or to imprisonment for not more*
10 *than two years in the case of a violation of section 4 (c)*
11 *and for not more than one year in all other cases, or to both*
12 *such fine and imprisonment. Whenever the Administrator*
13 *has reason to believe that any person is liable to punishment*
14 *under this subsection, he may certify the facts to the Attor-*
15 *ney General, who may, in his discretion, cause appropriate*
16 *proceedings to be brought.*

17 **(c)** *The district courts shall have jurisdiction of criminal*
18 *proceedings for violations of section 4 of this Act, and, con-*
19 *currently with State and Territorial courts, of all other pro-*
20 *ceedings under section 205 of this Act. Such criminal*
21 *proceedings may be brought in any district in which any part*
22 *of any act or transaction constituting the violation occurred.*
23 *Except as provided in section 205 (f) (2), such other pro-*
24 *ceedings may be brought in any district in which any part*
25 *of any act or transaction constituting the violation occurred,*

1 *and may also be brought in the district in which the defend-*
2 *ant resides or transacts business, and process in such cases*
3 *may be served in any district wherein the defendant resides*
4 *or transacts business or wherever the defendant may be found.*
5 *Any such court shall advance on the docket and expedite*
6 *the disposition of any criminal or other proceedings brought*
7 *before it under this section. No costs shall be assessed against*
8 *the Administrator or the United States Government in any*
9 *proceeding under this Act.*

10 *(d) No person shall be held liable for damages or pen-*
11 *alties in any Federal, State, or Territorial court, on any*
12 *grounds for or in respect of anything done or omitted to be*
13 *done in good faith pursuant to any provision of this Act*
14 *or any regulation, order, price schedule, requirement, or*
15 *agreement entered into thereunder, or under any price*
16 *schedule of the Administrator of the Office of Price Admin-*
17 *istration or of the Administrator of the Office of Price*
18 *Administration and Civilian Supply, notwithstanding that*
19 *subsequently such provision, regulation, order, price schedule,*
20 *requirement, or agreement may be modified, rescinded, or*
21 *determined to be invalid. In any suit or action wherein a*
22 *party relies for ground of relief or defense upon this Act or*
23 *any regulation, order, price schedule, requirement, or agree-*
24 *ment thereunder, the court having jurisdiction of such suit*

1 or action shall certify such fact to the Administrator. The
2 Administrator may intervene in any such suit or action.

3 (e) If any person selling a commodity violates a regu-
4 lation, order, or price schedule prescribing a maximum price
5 or maximum prices, the person who buys such commodity for
6 use or consumption other than in the course of trade or busi-
7 ness may bring an action either for \$50 or for treble the
8 amount by which the consideration exceeded the applicable
9 maximum price, whichever is the greater, plus reasonable at-
10 torney's fees and costs as determined by the court. For the
11 purposes of this section the payment or receipt of rent for
12 defense-area housing accommodations shall be deemed the
13 buying or selling of a commodity, as the case may be. If any
14 person selling a commodity violates a regulation, order, or
15 price schedule prescribing a maximum price or maximum
16 prices, and the buyer is not entitled to bring suit or action
17 under this subsection, the Administrator may bring such ac-
18 tion under this subsection on behalf of the United States.
19 Any suit or action under this subsection may be brought in
20 any court of competent jurisdiction, and shall be instituted
21 within one year after delivery is completed or rent is paid.
22 The provisions of this subsection shall not take effect until
23 after the expiration of six months from the date of enactment
24 of this Act.

25 (f) (1) Whenever in the judgment of the Administrator

1 such action is necessary or proper in order to effectuate the
2 purposes of this Act and to assure compliance with and
3 provide for the effective enforcement of any regulation or
4 order issued or which may be issued under section 2, or of
5 any price schedule effective in accordance with the provisions
6 of section 206, he may by regulation or order issue to or
7 require of any person or persons subject to any regulation
8 or order issued under section 2, or subject to any such price
9 schedule, a license as a condition of selling any commodity
10 or commodities with respect to which such regulation, order
11 or price schedule is applicable. It shall not be necessary for
12 the Administrator to issue a separate license for each com-
13 modity or for each regulation, order or price schedule with
14 respect to which a license is required. No such license shall
15 contain any provision which could not be prescribed by
16 regulation, order, or requirement under section 2 or section
17 202: Provided, That no such license may be required as a
18 condition of selling or distributing (except as waste or scrap)
19 newspapers, periodicals, books, or other printed or written
20 material, or motion pictures, or as a condition of selling radio
21 time: Provided further, That no license may be required of
22 any farmer as a condition of selling any agricultural com-
23 modity produced by him: Provided further, That in any case
24 in which such a license is required of any person, the Admin-
25 istrator shall not have power to deny to such person a license

1 to sell any commodity or commodities, unless such person
2 already has such a license to sell such commodity or com-
3 modities, or unless there is in effect under paragraph (2)
4 of this subsection with respect to such person an order of
5 suspension of a previous license to the extent that such previous
6 license authorized such person to sell such commodity or
7 commodities.

8 (2) Whenever in the judgment of the Administrator a
9 person has violated any of the provisions of a license issued
10 under this subsection, or has violated any of the provisions
11 of any regulation, order, or requirement under section 2 or
12 section 202, or any of the provisions of any price schedule
13 effective in accordance with the provisions of section 206,
14 which is applicable to such person, a warning notice shall
15 be sent by registered mail to such person. If the Adminis-
16 trator has reason to believe that such person has again vio-
17 lated any of the provisions of such license, regulation, order,
18 price schedule, or requirement after receipt of such warning
19 notice, the Administrator may petition any State or Terri-
20 torial court of competent jurisdiction, or a district court sub-
21 ject to the limitations hereinafter provided, for an order sus-
22 pending the license of such person for any period of not more
23 than twelve months. If any such court finds that such person
24 has violated any of the provisions of such license, regulation,
25 order, price schedule, or requirement after the receipt of the

1 warning notice, such court shall issue an order suspending the
2 license to the extent that it authorizes such person to sell the
3 commodity or commodities in connection with which the viola-
4 tion occurred, or to the extent that it authorizes such person
5 to sell any commodity or commodities with respect to which a
6 regulation or order issued under section 2 is applicable; but
7 no such suspension shall be for a period of more than
8 twelve months. For the purposes of this subsection, any
9 such proceedings for the suspension of a license may be
10 brought in a district court if the licensee is doing business
11 in more than one State, or if his principal place of busi-
12 ness is located in or within fifty miles of a city or com-
13 munity in which a district court regularly convenes, or
14 if his gross sales exceed \$50,000 per annum. Within
15 thirty days after the entry of the judgment or order of
16 any court either suspending a license, or dismissing or
17 denying in whole or in part the Administrator's petition for
18 suspension, an appeal may be taken from such judgment or
19 order in like manner as an appeal may be taken in other
20 cases from a judgment or order of a State, Territorial, or
21 district court, as the case may be. The Administrator may
22 modify or rescind the requirement of a license at any time.
23 Upon good cause shown, any such order of suspension may
24 be stayed by the appropriate court or any judge thereof in
25 accordance with the applicable practice. Any such order of

1 *suspension shall be affirmed by the appropriate appellate court*
2 *if, under the applicable rules of law, the evidence in the*
3 *record supports a finding that there has been a violation of*
4 *any provision of such license, regulation, order, price sched-*
5 *ule, or requirement after receipt of such warning notice.' No*
6 *proceedings for suspension of a license, and no such suspen-*
7 *sion, shall confer any immunity from any other provision of*
8 *this Act.*

9 **SAVING PROVISIONS**

10 *SEC. 206. Any price schedule establishing a maximum*
11 *price or maximum prices, issued by the Administrator of the*
12 *Office of Price Administration or the Administrator of the*
13 *Office of Price Administration and Civilian Supply, prior to*
14 *the date upon which the Administrator provided for by section*
15 *201 of this Act takes office, shall, from such date, have the*
16 *same effect as if issued under section 2 of this Act until such*
17 *price schedule is superseded by action taken pursuant to such*
18 *section 2. Such price schedules shall be consistent with the*
19 *standards contained in section 2 and the limitations contained*
20 *in section 3 of this Act, and shall be subject to protest and*
21 *review as provided in section 203 and section 204 of this Act.*
22 *All such price schedules shall be reprinted in the Federal*
23 *Register within ten days after the date upon which such*
24 *Administrator takes office.*

TITLE III—MISCELLANEOUS

QUARTERLY REPORT

SEC. 301. *The Administrator from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act. If the Senate or the House of Representatives is not in session, such reports shall be transmitted to the Secretary of the Senate, or the Clerk of the House of Representatives, as the case may be.*

DEFINITIONS

SEC. 302. *As used in this Act—*

(a) *The term “sale” includes sales, dispositions, exchanges, leases, and other transfers, and contracts and offers to do any of the foregoing. The terms “sell”, “selling”, “seller”, “buy”, and “buyer”, shall be construed accordingly.*

(b) *The term “price” means the consideration demanded or received in connection with the sale of a commodity.*

(c) *The term “commodity” means commodities, articles, products, and materials (except books, magazines, motion pictures, periodicals and newspapers, and materials furnished for publication by any press association or feature service, other than as waste or scrap), and it also includes services rendered otherwise than as an employee in connection with the processing, distribution, storage, installa-*

1 *tion, repair, or negotiation of purchases or sales of a com-*
2 *modity, or in connection with the operation of any service*
3 *establishment for the servicing of a commodity: Provided,*
4 *That nothing in this Act shall be construed to authorize the*
5 *regulation of (1) compensation paid by an employer to any*
6 *of his employees, or (2) rates charged by any common carrier*
7 *or other public utility, or (3) rates charged by any person*
8 *engaged in the business of selling or underwriting insurance,*
9 *or (4) rates charged by any person engaged in the business*
10 *of operating or publishing a newspaper, periodical, or maga-*
11 *zine, or motion pictures or other theater enterprise, or operat-*
12 *ing a radio-broadcasting station, or outdoor advertising facili-*
13 *ties, or (5) rates charged for any professional services.*

14 *(d) The term "defense-rental area" means the District*
15 *of Columbia and any area designated by the Administrator*
16 *as an area where defense activities have resulted or threaten*
17 *to result in an increase in the rents for housing accommoda-*
18 *tions inconsistent with the purposes of this Act.*

19 *(e) The term "defense-area housing accommodations"*
20 *means housing accommodations within any defense-rental*
21 *area.*

22 *(f) The term "housing accommodations" means any*
23 *building, structure, or part thereof, or land appurtenant*
24 *thereto, or any other real or personal property rented or*

1 offered for rent for living or dwelling purposes (including
2 houses, apartments, hotels, rooming or boarding house ac-
3 commodations, and other properties used for living or dwell-
4 ing purposes) together with all privileges, services, furnish-
5 ings, furniture, and facilities connected with the use or
6 occupancy of such property.

7 (g) The term "rent" means the consideration demanded
8 or received in connection with the use or occupancy or the
9 transfer of a lease of any housing accommodations.

10 (h) The term "person" includes an individual, corpora-
11 tion, partnership, association, or any other organized group
12 of persons, or legal successor or representative of any of the
13 foregoing, and includes the United States or any agency
14 thereof, or any other government, or any of its political sub-
15 divisions, or any agency of any of the foregoing: Provided,
16 That no punishment provided by this Act shall apply to the
17 United States, or to any such government, political subdivi-
18 sion, or agency.

19 (i) The term "maximum price", as applied to prices
20 of commodities means the maximum lawful price for such
21 commodities, and the term "maximum rent" means the maxi-
22 mum lawful rent for the use of defense-area housing accom-
23 modations. Maximum prices and maximum rents may be

1 formulated, as the case may be, in terms of prices, rents,
2 margins, commissions, fees, and other charges, and allowances.

3 (j) The term "documents" includes records, books, ac-
4 counts, correspondence, memoranda, and other documents,
5 and drafts and copies of any of the foregoing.

6 (k) The term "district court" means any district court
7 of the United States, and the United States Court for any
8 Territory or other place subject to the jurisdiction of the
9 United States; and the term "circuit courts of appeals" in-
10 cludes the United States Court of Appeals for the District
11 of Columbia.

12 SEPARABILITY

13 SEC. 303. If any provision of this Act or the applica-
14 tion of such provision to any person or circumstances shall
15 be held invalid, the validity of the remainder of the Act and
16 the applicability of such provision to other persons or cir-
17 cumstances shall not be affected thereby.

18 APPROPRIATIONS AUTHORIZED

19 SEC. 304. There are authorized to be appropriated such
20 sums as may be necessary or proper to carry out the pro-
21 visions and purposes of this Act.

22 APPLICATION OF EXISTING LAW

23 SEC. 305. No provision of law in force on the date of
24 enactment of this Act shall be construed to authorize any action
25 inconsistent with the provisions and purposes of this Act.

1 *SHORT TITLE*

2 *SEC. 306. This Act may be cited as the “Emergency*
3 *Price Control Act of 1942”.*

Passed the House of Representatives November 28,
1941.

Attest:

SOUTH TRIMBLE,
Clerk.

Passed the Senate with an amendment January 10 (legislative day, January 6), 1942.

Attest: EDWIN A. HALSEY,
Secretary.

AN ACT

To further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 12, 1942

Ordered to be printed with the amendment of the
Senate

Mr. PIERCE. Mr. Speaker, I ask unanimous consent to extend my remarks and include a statement on the war situation by Mr. John Barr.

The SPEAKER. Is there objection? There was no objection.

[The matter referred to appears in the Appendix.]

PRICE-CONTROL LEGISLATION

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes, with Senate amendments, disagree to the Senate amendments, and ask for a conference.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Alabama? [After a pause.] The Chair hears none, and appoints the following conferees: Mr. STEAGALL, Mr. WILLIAMS, Mr. SPENCE, Mr. WOLCOTT, and Mr. GIFFORD.

AMENDING THE NATIONALITY ACT OF 1940

Mr. SABATH. Mr. Speaker, I call up House Resolution 393 (Rept. No. 1505), which I send to the desk and ask to have read.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 6250) to amend the Nationality Act of 1940. That after general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Immigration and Naturalization, the bill shall be read for amendment under the 5-minute rule. At the conclusion of such consideration, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. SABATH. Mr. Speaker, I shall take a few minutes, and then yield to the gentleman from New York 30 minutes.

This resolution makes in order H. R. 6250, an amendment to the Nationality Act of 1940. It is not an immigration bill and it will not permit a single immigrant into the United States, but it makes certain amendments to the act of 1940 for the protection of our country, and at the same time to provide easier naturalization for the many thousands of aliens that are now in our armed forces. A similar bill was passed in 1917, and I think this legislation is in the right direction. The rule provides for 2 hours of general debate on the bill. The rule is broad and liberal and will permit amendments to be offered and considered by the House.

I understand that this bill comes with the unanimous report from the Committee on Immigration and Naturalization, and I cannot refrain from congratulating that committee on once bringing in

a bill by a unanimous vote. It must be a very meritorious bill and, therefore, deserving of the favorable consideration of the House. I was informed some time ago that the gentleman from New York [Mr. FISH], the ranking minority member of the Committee on Foreign Affairs, as well as of the Committee on Rules, sought an amendment to one of the provisions of the bill. A hearing was held after the bill was reported by the Committee on Immigration and Naturalization, and I understand that by agreement an amendment will be offered to the bill.

Mr. Speaker, the bill will give the Attorney General the right to recall the citizenship papers of such aliens who have obtained their issuance under false pretenses. It will apply principally to the many Gestapo agents and their tools sent to this country and the nations in Central and South America for the purpose of doing their dirty work to bring about discord and resentment against our country, to disunite our people, to weaken us, and to aid Hitlerism. You will remember that I called attention several times on the floor of the House to the then Member from Montana, Mr. Jacob Thorkelson, who was glutting the CONGRESSIONAL RECORD daily with insertions of anti-American and subversive statements and articles. The evidence as now given in the Hill trial discloses such articles and statements as having been written by many Gestapo agents. This was not only true as to Thorkelson but also as to the late Senator Lundeen, of Minnesota, who also became a victim of Hitler intrigue and propaganda. Of course, I could mention many others, but for the time being I shall not do so because I found that many of these men who permitted themselves to be used did not realize that they were being duped by the Hitler propagandists.

It is contended by some that they fear that the bill is so broad it may bring about the cancelation of citizenship of persons who may only express their views and that it may restrict free speech. If such were the case, I would be the last man to favor this legislation. All the Department of Justice is privileged to do under the provisions of the bill is to file an information, and the matter will be passed upon by our courts. However, I feel that many aliens who have come to our country in the last 8 or 10 years at the instigation of the Gestapo have fraudulently obtained their naturalization. For them I hold no brief. They should be deprived of their citizenship and sent back to their countries without unnecessary delay. However, we have some Members of the House and people in our country who look with suspicion upon every alien, which is manifestly unfair and unjust. I recall that in the last World War the aliens in our country enlisted in large numbers and demonstrated beyond any doubt their loyalty to our country. I feel today that those aliens of Polish, Czech, Slovak, Dutch, Norwegian, Greek, Belgian, and Yugoslav descent and the peoples of those countries which have been overrun by the Nazis and now under their domination are most desirous of doing their part

to protect the country in which they now live, which affords them the liberty and opportunities which they never enjoyed in their own countries. They fervently seek to aid in destroying the Hitler-Nazi gangsters. Yes; it is also true of the Ukrainians and Russians. Up to a few months ago Russia was unmercifully assailed and attacked on this floor and in our press with the charge that the people in that country were subjugated and that a vast majority were opposed to Stalin and the present form of government, only awaiting an opportunity to free themselves of his rule. Notwithstanding that they were forced to consummate a treaty with Hitler in order to gain time. I always felt certain that they would not subscribe to Hitler's scheme of world domination. There is no one today, I hope, that thinks the accusations or charges were based on facts or truth, because Russia in combating the German hordes gives the lie to these charges. I hope they will continue in their great struggle to free themselves from the Hitler scourge.

Mr. Speaker, I also feel that with the exception of a very small percentage of the newer immigration, the Germans in this country will do their part to protect our country. Unfortunately, the newer German immigrants have the Nazi ideology instilled in them and for them, as I have stated before, I hold no brief if they have obtained their citizenship under false pretenses or for the purpose of spreading Nazi propaganda.

I am pleased that I have found the Italians in our country proving and showing their loyalty and are doing their part to aid our country. They resent Mussolini forcing the Italians to join the Nazi-Jap war lords in their scheme for world domination, and they realize that he is only a tool of the bloodthirsty, tricky, lust-for-power murderers.

I feel I should not take any more time of the House in view of the fact that the Department of Justice, the State Department, the War Department, the Navy Department, and all other departments which know anything about this legislation have recommended and asked for its passage. I am satisfied that the chairman and members of the Committee on Immigration and Naturalization will in much more detail explain the provisions of the bill and the need for the enactment of this meritorious legislation. In view of that I shall conclude my remarks and reserve the balance of my time.

I now yield 30 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, this bill came up before the Christmas holidays and there was some opposition to it at that time. Since then there has been a special hearing before the Committee on Immigration and Naturalization, and the committee has adopted two committee amendments, one of which I understand is to limit the provisions of the bill to the duration of the war and, to a certain extent, a short time after the war is over.

If the purpose of the bill is to make it easy to take away the citizenship of men like Fritz Kuhn and bundist leaders and Communists who would overthrow

the Government by force and violence, who have come into this country recently, I think the bill is constructive and should be adopted, with the committee amendments. But if it is to be wide open and take in some 20,000,000 naturalized citizens and place their citizenship in jeopardy by abridging free speech, or because they might have desired to keep out of war or favored one country against another in the war, then of course the bill should not pass. That would be a denial of American democracy and copying the brutal and totalitarian methods of the Nazis, Fascists, and Communists.

This bill requires court action to determine the conduct of the individual as to loyalty and allegiance. That protection of the court should be a fairly strong guaranty against war hysteria and hatreds, but nevertheless it should be understood, as has been told me by members of the committee, that the real purpose of the bill is to go after those foreign agents presumably sent over here in the last 10 years by Hitler since he came into power, to become naturalized American citizens, and who then conduct themselves not as loyal American citizens but as naturalized citizens acknowledging allegiance to another country. If that is the purpose of the bill, which I think it is, then I hope the bill will pass without delay.

The chairman of the committee has stated to me that that was the main purpose—to go after those foreign agents sent over here to become naturalized citizens but not in good faith, and that they are over here to represent the Nazis or the Fasists, or Communists to destroy our free institutions and to urge the overthrow of the Government by force and violence.

It is true the bill is very loosely worded, because it just refers to "conduct." "Conduct" may mean anything, but I want to go on record that if "conduct" has anything to do with freedom of speech or of the press or if it means that someone wanted to keep out of war or criticized the administration or the President, or even asked on what terms there might be peace, that should not be included under the definition of the word "conduct" in this bill.

Mr. DICKSTEIN. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mr. DICKSTEIN. I think the committee, in its desire to bring about unity and a better and stronger America with regard to citizenship, has fully explained to the gentleman from New York the purpose of the word "conduct." It means just what it says—namely, that a person has conducted himself since he has taken the oath of allegiance as an American, not as an American but as a Gestapo agent in disguise, not for 1 or 2 days, but continuously has conducted himself so as to show that he was adverse to this country not only during the war but even before we were in the war. We also call the attention of the gentleman from New York [Mr. FISH] to the fact that under the proceedings the Attorney General will go into court by petition served on the defendant, giving him his day in court at the proper time.

Mr. FISH. Am I correct in understanding the gentleman who told me that the main purpose was to get rid of these foreign agents, now naturalized Americans, who were sent over here by Hitler after he came into power?

Mr. DICKSTEIN. That is true; they were sent here under the guise of businessmen, under the guise of friends, and other subterfuges. They came here a number of years ago, whether from Hitler's country or Italy or any of the other Axis countries—they came here under the pretense of business, and as a result of that business their business was to become American citizens, and their business was after that to do the things that an alien could not do but which they could do because they were American citizens. Under the present law there is no way by which we can cancel, other than by due process of law, their papers. Therefore, this simply gives the Attorney General some sort of right under statute by which he may, if the evidence warrants it, institute proceedings.

Mr. FISH. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan [Mr. MICHENER].

Mr. MICHENER. Mr. Speaker, the purpose of the bill, as stated, is to accomplish a certain thing. That purpose is laudable. What some of us are vitally interested in is the possibility that undesirable objectives may be reached which are not comprehended within the announced purposes of the act. We all know that the purpose of the bill is very little safeguard if the bill is so drafted that undesirable things can be done under it. As I understand, the interpretation of the word "conduct" must be made by a court.

Mr. DICKSTEIN. That is correct.

Mr. MICHENER. And that before anyone may be deprived of the citizenship he has acquired the whole matter must be adjudicated by a court and not by the Attorney General.

Mr. DICKSTEIN. That is correct.

Mr. MICHENER. And not by any administrative board or functionary.

Mr. DICKSTEIN. That is correct.

Mr. MICHENER. So if any of these persons at whom this bill is aimed is to be deprived of his citizenship the matter must be taken before a regular court, and after a legal and regular hearing adjudication must be made by the court.

Mr. DICKSTEIN. The gentleman has stated the case correctly; and, furthermore, the defendant may appeal to a higher court.

Mr. MICHENER. Yes; it goes before the lower court with the right of appeal to the higher court.

Mr. DICKSTEIN. That is correct.

Mr. FISH. Mr. Speaker, I want to make sure that the gentleman from New York [Mr. DICKSTEIN] has a definite understanding of the purpose of the bill and of the meaning of the word conduct. I take it from what the gentleman says that he is opposed to any witch-hunting expeditions.

Mr. DICKSTEIN. Certainly I am.

Mr. FISH. And he is opposed to interfering with the right of freedom of speech and of a free press and practicing Nazi methods in America.

Mr. DICKSTEIN. The gentleman from New York knows I am just as much opposed to witch hunting as he is or any other Member of this House; and I am opposed to anyone's being deprived of the right of free speech or free press.

Mr. FISH. That is precisely what I wanted to know.

Mr. DICKSTEIN. That is not the purpose at all. This bill is presented to the House after careful investigation and study by the Department of Justice and other departments of this Government, and after more than usual careful consideration by the committee, for we want to save ourselves the embarrassment of a lot of trouble, but those people who are parading in this country under the guise of citizenship, yet engaging in subversive activities ought to be put in their place by letting the Attorney General institute legal proceedings in courts of competent jurisdiction.

Mr. FISH. The real purpose of the bill, therefore, is to check up on naturalized citizens who advocate the overthrow of this Government either by force or violence or who engage in espionage or who preach mutiny against our armed forces, but not to interfere with right of free speech.

Mr. DICKSTEIN. Or does anything that is obnoxious to any American with any red blood whatever in his veins—those who under the guise of citizenship are trying to destroy democracy, if you want to put it that way.

Mr. FISH. The word "obnoxious" is pretty broad and general. It might include free speech, free press, or propaganda to keep out of war.

Mr. DICKSTEIN. Strike that word out if you want to.

Mr. FISH. I think I understand.

Mr. MARTIN J. KENNEDY. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mr. MARTIN J. KENNEDY. I understand this bill was introduced at the request of the Department of Justice.

Mr. DICKSTEIN. That is correct.

Mr. FISH. Mr. Speaker, I yield 3 minutes to the gentleman from South Dakota [Mr. MUNDT].

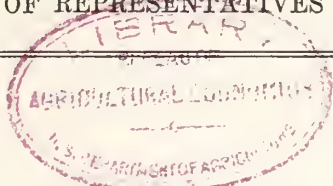
Mr. MUNDT. Mr. Speaker, I ask unanimous consent to proceed out of order.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

CLERGYMEN ENTITLED TO PRIOR CLAIMS TO TIRES

Mr. MUNDT. Mr. Speaker, I have just returned from spending the morning over in a committee room listening to some highly interesting facts presented by officials of the National Automobile Association who appeared before the House committee charged with protecting the interests of the small businessmen. I think these dealers presented one of the best organized and most influential cases that has ever been presented before a congressional committee in a like period of time, and I believe that as a result something is going to be done to protect the interests of the 1,500,000 automobile dealers and their employees who are threatened with bankruptcy and unemployment as a result of Mr. Henderson's rulings on the sale of automobiles and



EMERGENCY PRICE CONTROL ACT OF 1942

JANUARY 22, 1942.—Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

Mr. STEAGALL, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 5990]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

TITLE I—GENERAL PROVISIONS AND AUTHORITY

PURPOSES; TIME LIMIT; APPLICABILITY

SECTION 1. (a) It is hereby declared to be in the interest of the national defense and security and necessary to the effective prosecution of the present war, and the purposes of this Act are, to stabilize prices and to prevent speculative, unwarranted, and abnormal increases in prices and rents; to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities caused by or contributing to the national emergency; to assure that defense appropriations are not dissipated by excessive prices; to protect persons with relatively fixed and limited incomes, consumers, wage earners, investors, and persons dependent on life insurance, annuities and pensions, from undue impairment of their standard of living; to prevent hardships to persons engaged in business, to schools, universities,

and other institutions, and to the Federal, State, and local governments, which would result from abnormal increases in prices; to assist in securing adequate production of commodities and facilities; to prevent a post emergency collapse of values; to stabilize agricultural prices in the manner provided in section 3; and to permit voluntary cooperation between the Government and producers, processors, and others to accomplish the aforesaid purposes. It shall be the policy of those departments and agencies of the Government dealing with wages (including the Department of Labor and its various bureaus, the War Department, the Navy Department, the War Production Board, the National Labor Relations Board, the National Mediation Board, the National War Labor Board, and others heretofore or hereafter created), within the limits of their authority and jurisdiction, to work toward a stabilization of prices, fair and equitable wages, and cost of production.

(b) The provisions of this Act, and all regulations, orders, price schedules, and requirements thereunder, shall terminate on June 30, 1943, or upon the date of a proclamation by the President, or upon the date specified in a concurrent resolution by the two Houses of the Congress, declaring that the further continuance of the authority granted by this Act is not necessary in the interest of the national defense and security, whichever date is the earlier; except that as to offenses committed, or rights or liabilities incurred, prior to such termination date, the provisions of this Act and such regulations, orders, price schedules, and requirements shall be treated as still remaining in force for the purpose of sustaining any proper suit, action, or prosecution with respect to any such right, liability, or offense.

(c) The provisions of this Act shall be applicable to the United States, its Territories and possessions, and the District of Columbia.

PRICES, RENTS, AND MARKET AND RENTING PRACTICES

SEC. 2. (a) Whenever in the judgment of the Price Administrator (provided for in section 201) the price or prices of a commodity or commodities have risen or threaten to rise to an extent or in a manner inconsistent with the purposes of this Act, he may by regulation or order establish such maximum price or maximum prices as in his judgment will be generally fair and equitable and will effectuate the purposes of this Act. So far as practicable, in establishing any maximum price, the Administrator shall ascertain and give due consideration to the prices prevailing between October 1 and October 15, 1941 (or if, in the case of any commodity, there are no prevailing prices between such dates, or the prevailing prices between such dates are not generally representative because of abnormal or seasonal market conditions or other cause, then to the prices prevailing during the nearest two-week period in which, in the judgment of the Administrator, the prices for such commodity are generally representative), for the commodity or commodities included under such regulation or order, and shall make adjustments for such relevant factors as he may determine and deem to be of general applicability, including the following: Speculative fluctuations, general increases or decreases in costs of production, distribution, and transportation, and general increases or decreases in profits earned by sellers of the commodity or commodities, during and subsequent to the year ended October 1, 1941. Every regulation or order issued under the foregoing provisions of this subsection shall be accompanied by a statement of the considerations involved in the issuance of such regulation or order. As used in the foregoing provisions

of this subsection, the term "regulation or order" means a regulation or order of general applicability and effect. Before issuing any regulation or order under the foregoing provisions of this subsection, the Administrator shall, so far as practicable, advise and consult with representative members of the industry which will be affected by such regulation or order. In the case of any commodity for which a maximum price has been established, the Administrator shall, at the request of any substantial portion of the industry subject to such maximum price, regulation, or order of the Administrator, appoint an industry advisory committee, or committees, either national or regional or both, consisting of such number of representatives of the industry as may be necessary in order to constitute a committee truly representative of the industry, or of the industry in such region, as the case may be. The committee shall select a chairman from among its members, and shall meet at the call of the chairman. The Administrator shall from time to time, at the request of the committee, advise and consult with the committee with respect to the regulation or order, and with respect to the form thereof, and classifications, differentiations, and adjustments therein. The committee may make such recommendations to the Administrator as it deems advisable. Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this Act, he may, without regard to the foregoing provisions of this subsection, issue temporary regulations or orders establishing as a maximum price or maximum prices the price or prices prevailing with respect to any commodity or commodities within five days prior to the date of issuance of such temporary regulations or orders; but any such temporary regulation or order shall be effective for not more than sixty days, and may be replaced by a regulation or order issued under the foregoing provisions of this subsection.

(b) Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this Act, he shall issue a declaration setting forth the necessity for, and recommendations with reference to, the stabilization or reduction of rents for any defense-area housing accommodations within a particular defense-rental area. If within sixty days after the issuance of any such recommendations rents for any such accommodations within such defense-rental area have not in the judgment of the Administrator been stabilized or reduced by State or local regulation, or otherwise, in accordance with the recommendations, the Administrator may by regulation or order establish such maximum rent or maximum rents for such accommodations as in his judgment will be generally fair and equitable and will effectuate the purposes of this Act. So far as practicable, in establishing any maximum rent for any defense-area housing accommodations, the Administrator shall ascertain and give due consideration to the rents prevailing for such accommodations, or comparable accommodations, on or about April 1, 1941 (or if, prior or subsequent to April 1, 1941, defense activities shall have resulted or threatened to result in increases in rents for housing accommodations in such area inconsistent with the purposes of this Act, then on or about a date (not earlier than April 1, 1940), which in the judgment of the Administrator, does not reflect such increases), and he shall make adjustments for such relevant factors as he may determine and deem to be of general applicability in respect of such accommodations, including increases or decreases in property taxes and other costs. In designating defense-rental areas, in prescribing regulations and orders establishing maximum rents for such accommodations, and in selecting persons to administer such

regulations and orders, the Administrator shall, to such extent as he determines to be practicable, consider any recommendations which may be made by State and local officials concerned with housing or rental conditions in any defense-rental area.

(c) Any regulation or order under this section may be established in such form and manner, may contain such classifications and differentiations, and may provide for such adjustments and reasonable exceptions, as in the judgment of the Administrator are necessary or proper in order to effectuate the purposes of this Act. Any regulation or order under this section which establishes a maximum price or maximum rent may provide for a maximum price or maximum rent below the price or prices prevailing for the commodity or commodities, or below the rent or rents prevailing for the defense-area housing accommodations, at the time of the issuance of such regulation or order.

(d) Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this Act, he may, by regulation or order, regulate or prohibit speculative or manipulative practices (including practices relating to changes in form or quality) or hoarding, in connection with any commodity, and speculative or manipulative practices or renting or leasing practices (including practices relating to recovery of the possession) in connection with any defense-area housing accommodations, which in his judgment are equivalent to or are likely to result in price or rent increases, as the case may be, inconsistent with the purposes of this Act.

(e) Whenever the Administrator determines that the maximum necessary production of any commodity is not being obtained or may not be obtained during the ensuing year, he may, on behalf of the United States, without regard to the provisions of law requiring competitive bidding, buy or sell at public or private sale, or store or use, such commodity in such quantities and in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production thereof or otherwise to supply the demand therefor, or make subsidy payments to domestic producers of such commodity in such amounts and in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production thereof: Provided, That in the case of any commodity which has heretofore or may hereafter be defined as a strategic or critical material by the President pursuant to section 5d of the Reconstruction Finance Corporation Act, as amended, such determinations shall be made by the Federal Loan Administrator, with the approval of the President, and, notwithstanding any other provision of this Act or of any existing law, such commodity may be bought or sold, or stored or used, and such subsidy payments to domestic producers thereof may be paid, only by corporations created or organized pursuant to such section 5d; except that in the case of the sale of any commodity by any such corporation, the sale price therefor shall not exceed any maximum price established pursuant to subsection (a) of this section which is applicable to such commodity at the time of sale or delivery, but such sale price may be below such maximum price or below the purchase price of such commodity, and the Administrator may make recommendations with respect to the buying or selling, or storage or use, of any such commodity. In any case in which a commodity is domestically produced, the powers granted to the Administrator by this subsection shall be exercised with respect to importations of such commodity only to the extent that, in the judgment of the Administrator, the domestic production of the commodity

is not sufficient to satisfy the demand therefor. Nothing in this section shall be construed to modify, suspend, amend, or supersede any provision of the Tariff Act of 1930, as amended, and nothing in this section, or in any existing law, shall be construed to authorize any sale or other disposition of any agricultural commodity contrary to the provisions of the Agricultural Adjustment Act of 1938, as amended, or to authorize the Administrator to prohibit trading in any agricultural commodity for future delivery if such trading is subject to the provisions of the Commodity Exchange Act, as amended.

(f) No power conferred by this section shall be construed to authorize any action contrary to the provisions and purposes of section 3, and no agricultural commodity shall be sold within the United States pursuant to the provisions of this section by any governmental agency at a price below the price limitations imposed by section 3 (a) of this Act with respect to such commodity.

(g) Regulations, orders, and requirements under this Act may contain such provisions as the Administrator deems necessary to prevent the circumvention or evasion thereof.

(h) The powers granted in this section shall not be used or made to operate to compel changes in the business practices, cost practices or methods, or means or aids to distribution, established in any industry, except to prevent circumvention or evasion of any regulation, order, price schedule, or requirement under this Act.

(i) No maximum price shall be established for any fishery commodity below the average price of such commodity in the year 1941.

AGRICULTURAL COMMODITIES

SEC. 3. (a) No maximum price shall be established or maintained for any agricultural commodity below the highest of any of the following prices, as determined and published by the Secretary of Agriculture: (1) 110 per centum of the parity price for such commodity, adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or, in case a comparable price has been determined for such commodity under subsection (b), 110 per centum of such comparable price, adjusted in the same manner, in lieu of 110 per centum of the parity price so adjusted; (2) the market price prevailing for such commodity on October 1, 1941; (3) the market price prevailing for such commodity on December 15, 1941; or (4) the average price for such commodity during the period July 1, 1919, to June 30, 1929.

(b) For the purposes of this Act, parity prices shall be determined and published by the Secretary of Agriculture as authorized by law. In the case of any agricultural commodity other than the basic crops corn, wheat, cotton, rice, tobacco, and peanuts, the Secretary shall determine and publish a comparable price whenever he finds, after investigation and public hearing, that the production and consumption of such commodity has so changed in extent or character since the base period as to result in a price out of line with parity prices for basic commodities.

(c) No maximum price shall be established or maintained for any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the highest price therefor specified in subsection (a).

(d) Nothing contained in this Act shall be construed to modify, repeal, supersede, or affect the provisions of the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of such Act.

(e) Notwithstanding any other provision of this or any other law, no action shall be taken under this Act by the Administrator or any other person with respect to any agricultural commodity without the prior approval of the Secretary of Agriculture; except that the Administrator may take such action as may be necessary under section 202 and section 205 (a) and (b) to enforce compliance with any regulation, order, price schedule or other requirement with respect to an agricultural commodity which has been previously approved by the Secretary of Agriculture.

(f) No provision of this Act or of any existing law shall be construed to authorize any action contrary to the provisions and purposes of this section.

PROHIBITIONS

SEC. 4. (a) It shall be unlawful, regardless of any contract, agreement, lease, or other obligation heretofore or hereafter entered into, for any person to sell or deliver any commodity, or in the course of trade or business to buy or receive any commodity, or to demand or receive any rent for any defense-area housing accommodations, or otherwise to do or omit to do any act, in violation of any regulation or order under section 2, or of any price schedule effective in accordance with the provisions of section 206, or of any regulation, order, or requirement under section 202 (b) or section 205 (f), or to offer, solicit, attempt, or agree to do any of the foregoing.

(b) It shall be unlawful for any person to remove or attempt to remove from any defense-area housing accommodations, the tenant or occupant thereof or to refuse to renew the lease or agreement for the use of such accommodations, because such tenant or occupant has taken, or proposes to take, action authorized or required by this Act or any regulation, order, or requirement thereunder.

(c) It shall be unlawful for any officer or employee of the Government, or for any adviser or consultant to the Administrator in his official capacity, to disclose, otherwise than in the course of official duty, any information obtained under this Act, or to use any such information, for personal benefit.

(d) Nothing in this Act shall be construed to require any person to sell any commodity or to offer any accommodations for rent.

VOLUNTARY AGREEMENTS

SEC. 5. In carrying out the provisions of this Act, the Administrator is authorized to confer with producers, processors, manufacturers, retailers, wholesalers, and other groups having to do with commodities, and with representatives and associations thereof, to cooperate with any agency or person, and to enter into voluntary arrangements or agreements with any such persons, groups, or associations relating to the fixing of maximum prices, the issuance of other regulations or orders, or the other purposes of this Act, but no such arrangement or agreement shall modify any regulation, order, or price schedule previously issued which is effective in accordance with the provisions of section 2 or section 206. The Attorney

General shall be promptly furnished with a copy of each such arrangement or agreement.

TITLE II—ADMINISTRATION AND ENFORCEMENT

ADMINISTRATION

SEC. 201. (a) *There is hereby created an Office of Price Administration, which shall be under the direction of a Price Administrator (referred to in this Act as the "Administrator"). The Administrator shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of \$12,000 per annum. The Administrator may, subject to the civil-service laws, appoint such employees as he deems necessary in order to carry out his functions and duties under this Act, and shall fix their compensation in accordance with the Classification Act of 1923, as amended. The Administrator may utilize the services of Federal, State, and local agencies and may utilize and establish such regional, local, or other agencies, and utilize such voluntary and uncompensated services, as may from time to time be needed. Attorneys appointed under this section may appear for and represent the Administrator in any case in any court. In the appointment, selection, classification, and promotion of officers and employees of the Office of Price Administration, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency.*

(b) *The principal office of the Administrator shall be in the District of Columbia, but he or any duty authorized representative may exercise any or all of his powers in any place. The President is authorized to transfer any of the powers and functions conferred by this Act upon the Office of Price Administration with respect to a particular commodity or commodities to any other department or agency of the Government having other functions relating to such commodity or commodities, and to transfer to the Office of Price Administration any of the powers and functions relating to priorities or rationing conferred by law upon any other department or agency of the Government with respect to any particular commodity or commodities; but, notwithstanding any provision of this or any other law, no powers or functions conferred by law upon the Secretary of Agriculture shall be transferred to the Office of Price Administration or to the Administrator, and no powers or functions conferred by law upon any other department or agency of the Government with respect to any agricultural commodity, except powers and functions relating to priorities or rationing, shall be so transferred.*

(c) *The Administrator shall have authority to make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere; for lawbooks and books of reference; and for paper, printing, and binding) as he may deem necessary for the administration and enforcement of this Act. The provisions of section 3709 of the Revised Statutes shall not apply to the purchase of supplies and services by the Administrator where the aggregate amount involved does not exceed \$250.*

(d) *The Administrator may, from time to time, issue such regulations and orders as he may deem necessary or proper in order to carry out the purposes and provisions of this Act.*

INVESTIGATIONS; RECORDS; REPORTS

SEC. 202. (a) The Administrator is authorized to make such studies and investigations and to obtain such information as he deems necessary or proper to assist him in prescribing any regulation or order under this Act, or in the administration and enforcement of this Act and regulations, orders, and price schedules thereunder.

(b) The Administrator is further authorized, by regulation or order, to require any person who is engaged in the business of dealing with any commodity, or who rents or offers for rent or acts as broker or agent for the rental of any housing accommodations, to furnish any such information under oath or affirmation or otherwise, to make and keep records and other documents, and to make reports, and he may require any such person to permit the inspection and copying of records and other documents, the inspection of inventories, and the inspection of defense-area housing accommodations. The Administrator may administer oaths and affirmations and may, whenever necessary, by subpoena require any such person to appear and testify or to appear and produce documents, or both, at any designated place.

(c) For the purpose of obtaining any information under subsection (a), the Administrator may by subpoena require any other person to appear and testify or to appear and produce documents, or both, at any designated place.

(d) The production of a person's documents at any place other than his place of business shall not be required under this section in any case in which, prior to the return date specified in the subpoena issued with respect thereto, such person either has furnished the Administrator with a copy of such documents (certified by such person under oath to be a true and correct copy), or has entered into a stipulation with the Administrator as to the information contained in such documents.

(e) In case of contumacy by, or refusal to obey a subpoena served upon, any person referred to in subsection (c), the district court for any district in which such person is found or resides or transacts business, upon application by the Administrator, shall have jurisdiction to issue an order requiring such person to appear and give testimony or to appear and produce documents, or both; and any failure to obey such order of the court may be punished by such court as a contempt thereof. The provisions of this subsection shall also apply to any person referred to in subsection (b), and shall be in addition to the provisions of section 4 (a).

(f) Witnesses subpoenaed under this section shall be paid the same fees and mileage as are paid witnesses in the district courts of the United States.

(g) No person shall be excused from complying with any requirements under this section because of his privilege against self-incrimination, but the immunity provisions of the Compulsory Testimony Act of February 11, 1893 (U. S. C., 1934 edition, title 49, sec. 46), shall apply with respect to any individual who specifically claims such privilege.

(h) The Administrator shall not publish or disclose any information obtained under this Act that such Administrator deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information, unless he determines that the withholding thereof is contrary to the interest of the national defense and security.

PROCEDURE

SEC. 203. (a) Within a period of sixty days after the issuance of any regulation or order under section 2, or in the case of a price schedule, within a period of sixty days after the effective date thereof specified in section 206, any person subject to any provision of such regulation, order, or price schedule may, in accordance with regulations to be prescribed by the Administrator, file a protest specifically setting forth objections to any such provision and affidavits or other written evidence in support of such objections. At any time after the expiration of such sixty days any person subject to any provision of such regulation, order, or price schedule may file such a protest based solely on grounds arising after the expiration of such sixty days. Statements in support of any such regulation, order, or price schedule may be received and incorporated in the transcript of the proceedings at such times and in accordance with such regulations as may be prescribed by the Administrator. Within a reasonable time after the filing of any protest under this subsection, but in no event more than thirty days after such filing or ninety days after the issuance of the regulation or order (or in the case of a price schedule, ninety days after the effective date thereof specified in section 206) in respect of which the protest is filed, whichever occurs later, the Administrator shall either grant or deny such protest in whole or in part, notice such protest for hearing, or provide an opportunity to present further evidence in connection therewith. In the event that the Administrator denies any such protest in whole or in part, he shall inform the protestant of the grounds upon which such decision is based, and of any economic data and other facts of which the Administrator has taken official notice.

(b) In the administration of this Act the Administrator may take official notice of economic data and other facts, including facts found by him as a result of action taken under section 202.

(c) Any proceedings under this section may be limited by the Administrator to the filing of affidavits, or other written evidence, and the filing of briefs.

REVIEW

SEC. 204. (a) Any person who is aggrieved by the denial or partial denial of his protest may, within thirty days after such denial, file a complaint with the Emergency Court of Appeals, created pursuant to subsection (c), specifying his objections and praying that the regulation, order, or price schedule protested be enjoined or set aside in whole or in part. A copy of such complaint shall forthwith be served on the Administrator, who shall certify and file with such court a transcript of such portions of the proceedings in connection with the protest as are material under the complaint. Such transcript shall include a statement setting forth, so far as practicable, the economic data and other facts of which the Administrator has taken official notice. Upon the filing of such complaint the court shall have exclusive jurisdiction to set aside such regulation, order, or price schedule, in whole or in part, to dismiss the complaint, or to remand the proceeding: Provided, That the regulation, order, or price schedule may be modified or rescinded by the Administrator at any time notwithstanding the pendency of such complaint. No objection to such regulation, order, or price schedule, and no evidence in support of any objection thereto, shall be considered by

the court, unless such objection shall have been set forth by the complainant in the protest or such evidence shall be contained in the transcript. If application is made to the court by either party for leave to introduce additional evidence which was either offered to the Administrator and not admitted, or which could not reasonably have been offered to the Administrator or included by the Administrator in such proceedings, and the court determines that such evidence should be admitted, the court shall order the evidence to be presented to the Administrator. The Administrator shall promptly receive the same, and such other evidence as he deems necessary or proper, and thereupon he shall certify and file with the court a transcript thereof and any modification made in the regulation, order, or price schedule as a result thereof; except that on request by the Administrator, any such evidence shall be presented directly to the court.

(b) No such regulation, order, or price schedule shall be enjoined or set aside, in whole or in part, unless the complainant establishes to the satisfaction of the court that the regulation, order, or price schedule is not in accordance with law, or is arbitrary or capricious. The effectiveness of a judgment of the court enjoining or setting aside, in whole or in part, any such regulation, order, or price schedule shall be postponed until the expiration of thirty days from the entry thereof, except that if a petition for a writ of certiorari is filed with the Supreme Court under subsection (d) within such thirty days, the effectiveness of such judgment shall be postponed until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the case by the Supreme Court.

(c) There is hereby created a court of the United States to be known as the Emergency Court of Appeals, which shall consist of three or more judges to be designated by the Chief Justice of the United States from judges of the United States district courts and circuit courts of appeals. The Chief Justice of the United States shall designate one of such judges as chief judge of the Emergency Court of Appeals, and may, from time to time, designate additional judges for such court and revoke previous designations. The chief judge may, from time to time, divide the court into divisions of three or more members, and any such division may render judgment as the judgment of the court. The court shall have the powers of a district court with respect to the jurisdiction conferred on it by this Act; except that the court shall not have power to issue any temporary restraining order or interlocutory decree staying or restraining, in whole or in part, the effectiveness of any regulation or order issued under section 2 or any price schedule effective in accordance with the provisions of section 206. The court shall exercise its powers and prescribe rules governing its procedure in such manner as to expedite the determination of cases of which it has jurisdiction under this Act. The court may fix and establish a table of costs and fees to be approved by the Supreme Court of the United States, but the costs and fees so fixed shall not exceed with respect to any item the costs and fees charged in the Supreme Court of the United States. The court shall have a seal, hold sessions at such places as it may specify, and appoint a clerk and such other employees as it deems necessary or proper.

(d) Within thirty days after entry of a judgment or order, interlocutory or final, by the Emergency Court of Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment or order shall be subject to review by the Supreme Court in the same manner as a judgment of a circuit court of appeals as

provided in section 240 of the Judicial Code, as amended (U. S. C., 1934 edition, title 28, sec. 347). The Supreme Court shall advance on the docket and expedite the disposition of all causes filed therein pursuant to this subsection. The Emergency Court of Appeals, and the Supreme Court upon review of judgments and orders of the Emergency Court of Appeals, shall have exclusive jurisdiction to determine the validity of any regulation or order issued under section 2, of any price schedule effective in accordance with the provisions of section 206, and of any provision of any such regulation, order, or price schedule. Except as provided in this section, no court, Federal, State, or Territorial, shall have jurisdiction or power to consider the validity of any such regulation, order, or price schedule, or to stay, restrain, enjoin, or set aside, in whole or in part, any provision of this Act authorizing the issuance of such regulations or orders, or making effective any such price schedule, or any provision of any such regulation, order, or price schedule, or to restrain or enjoin the enforcement of any such provision.

ENFORCEMENT

SEC. 205. (a) Whenever in the judgment of the Administrator any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 4 of this Act, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the Administrator that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

(b) Any person who willfully violates any provision of section 4 of this Act, and any person who makes any statement or entry false in any material respect in any document or report required to be kept or filed under section 2 or section 202, shall, upon conviction thereof, be subject to a fine of not more than \$5,000, or to imprisonment for not more than two years in the case of a violation of section 4 (c) and for not more than one year in all other cases, or to both such fine and imprisonment. Whenever the Administrator has reason to believe that any person is liable to punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

(c) The district courts shall have jurisdiction of criminal proceedings for violations of section 4 of this Act, and, concurrently with State and Territorial courts, of all other proceedings under section 205 of this Act. Such criminal proceedings may be brought in any district in which any part of any act or transaction constituting the violation occurred. Except as provided in section 205 (f) (2), such other proceedings may be brought in any district in which any part of any act or transaction constituting the violation occurred, and may also be brought in the district in which the defendant resides or transacts business, and process in such cases may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found. Any such court shall advance on the docket and expedite the disposition of any criminal or other proceedings brought before it under this section. No costs shall be assessed against the Administrator or the United States Government in any proceeding under this Act.

(d) No person shall be held liable for damages or penalties in any Federal, State, or Territorial court, on any grounds for or in respect of

anything done or omitted to be done in good faith pursuant to any provision of this Act or any regulation, order, price schedule, requirement, or agreement thereunder, or under any price schedule of the Administrator of the Office of Price Administration or of the Administrator of the Office of Price Administration and Civilian Supply, notwithstanding that subsequently such provision, regulation, order, price schedule, requirement, or agreement may be modified, rescinded, or determined to be invalid. In any suit or action wherein a party relies for ground of relief or defense upon this Act or any regulation, order, price schedule, requirement, or agreement thereunder, the court having jurisdiction of such suit or action shall certify such fact to the Administrator. The Administrator may intervene in any such suit or action.

(e) If any person selling a commodity violates a regulation, order, or price schedule prescribing a maximum price or maximum prices, the person who buys such commodity for use or consumption other than in the course of trade or business may bring an action either for \$50 or for treble the amount by which the consideration exceeded the applicable maximum price, whichever is the greater, plus reasonable attorney's fees and costs as determined by the court. For the purposes of this section the payment or receipt of rent for defense-area housing accommodations shall be deemed the buying or selling of a commodity, as the case may be. If any person selling a commodity violates a regulation, order, or price schedule prescribing a maximum price or maximum prices, and the buyer is not entitled to bring suit or action under this subsection, the Administrator may bring such action under this subsection on behalf of the United States. Any suit or action under this subsection may be brought in any court of competent jurisdiction, and shall be instituted within one year after delivery is completed or rent is paid. The provisions of this subsection shall not take effect until after the expiration of six months from the date of enactment of this Act.

(f) (1) Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this Act and to assure compliance with and provide for the effective enforcement of any regulation or order issued or which may be issued under section 2, or of any price schedule effective in accordance with the provisions of section 206, he may by regulation or order issue to or require of any person or persons subject to any regulation or order issued under section 2, or subject to any such price schedule, a license as a condition of selling any commodity or commodities with respect to which such regulation, order, or price schedule is applicable. It shall not be necessary for the Administrator to issue a separate license for each commodity or for each regulation, order, or price schedule with respect to which a license is required. No such license shall contain any provision which could not be prescribed by regulation, order, or requirement under section 2 or section 202: Provided, That no such license may be required as a condition of selling or distributing (except as waste or scrap) newspapers, periodicals, books, or other printed or written material, or motion pictures, or as a condition of selling radio time: Provided further, That no license may be required of any farmer as a condition of selling any agricultural commodity produced by him, and no license may be required of any fisherman as a condition of selling any fishery commodity caught or taken by him: Provided further, That in any case in which such a license is required of

any person, the Administrator shall not have power to deny to such person a license to sell any commodity or commodities, unless such person already has such a license to sell such commodity or commodities, or unless there is in effect under paragraph (2) of this subsection with respect to such person an order of suspension of a previous license to the extent that such previous license authorized such person to sell such commodity or commodities.

(2) Whenever in the judgment of the Administrator a person has violated any of the provisions of a license issued under this subsection, or has violated any of the provisions of any regulation, order, or requirement under section 2 or section 202 (b), or any of the provisions of any price schedule effective in accordance with the provisions of section 206, which is applicable to such person, a warning notice shall be sent by registered mail to such person. If the Administrator has reason to believe that such person has again violated any of the provisions of such license, regulation, order, price schedule, or requirement after receipt of such warning notice, the Administrator may petition any State or Territorial court of competent jurisdiction, or a district court subject to the limitations hereinafter provided, for an order suspending the license of such person for any period of not more than twelve months. If any such court finds that such person has violated any of the provisions of such license, regulation, order, price schedule, or requirement after the receipt of the warning notice, such court shall issue an order suspending the license to the extent that it authorizes such person to sell the commodity or commodities in connection with which the violation occurred, or to the extent that it authorizes such person to sell any commodity or commodities with respect to which a regulation or order issued under section 2, or a price schedule effective in accordance with the provisions of section 206, is applicable; but no such suspension shall be for a period of more than twelve months. For the purposes of this subsection, any such proceedings for the suspension of a license may be brought in a district court if the licensee is doing business in more than one State, or if his gross sales exceed \$100,000 per annum. Within thirty days after the entry of the judgment or order of any court either suspending a license, or dismissing or denying in whole or in part the Administrator's petition for suspension, an appeal may be taken from such judgment or order in like manner as an appeal may be taken in other cases from a judgment or order of a State, Territorial, or district court, as the case may be. Upon good cause shown, any such order of suspension may be stayed by the appropriate court or any judge thereof in accordance with the applicable practice and upon written stipulation of the parties to the proceeding for suspension, approved by the trial court, any such order of suspension may be modified, and the license which has been suspended may be restored, upon such terms and conditions as such court shall find reasonable. Any such order of suspension shall be affirmed by the appropriate appellate court if, under the applicable rules of law, the evidence in the record supports a finding that there has been a violation of any provision of such license, regulation, order, price schedule, or requirement after receipt of such warning notice. No proceedings for suspension of a license, and no such suspension, shall confer any immunity from any other provision of this Act.

SAVING PROVISIONS

SEC. 206. Any price schedule establishing a maximum price or maximum prices, issued by the Administrator of the Office of Price Administration or the Administrator of the Office of Price Administration and Civilian Supply, prior to the date upon which the Administrator provided for by section 201 of this Act takes office, shall, from such date, have the same effect as if issued under section 2 of this Act until such price schedule is superseded by action taken pursuant to such section 2. Such price schedules shall be consistent with the standards contained in section 2 and the limitations contained in section 3 of this Act, and shall be subject to protest and review as provided in section 203 and section 204 of this Act. All such price schedules shall be reprinted in the Federal Register within ten days after the date upon which such Administrator takes office.

TITLE III—MISCELLANEOUS

QUARTERLY REPORT

SEC. 301. The Administrator from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act. If the Senate or the House of Representatives is not in session, such reports shall be transmitted to the Secretary of the Senate, or the Clerk of the House of Representatives, as the case may be.

DEFINITIONS

SEC. 302. As used in this Act—

(a) The term "sale" includes sales, dispositions, exchanges, leases, and other transfers, and contracts and offers to do any of the foregoing. The terms "sell", "selling", "seller", "buy", and "buyer", shall be construed accordingly.

(b) The term "price" means the consideration demanded or received in connection with the sale of a commodity.

(c) The term "commodity" means commodities, articles, products, and materials (except materials furnished for publication by any press association or feature service, books, magazines, motion pictures, periodicals and newspapers, other than as waste or scrap), and it also includes services rendered otherwise than as an employee in connection with the processing, distribution, storage, intallation, repair, or negotiation of purchases or sales of a commodity, or in connection with the operation of any service establishment for the servicing of a commodity: Provided, That nothing in this Act shall be construed to authorize the regulation of (1) compensation paid by an employer to any of his employees, or (2) rates charged by any common carrier or other public utility, or (3) rates charged by any person engaged in the business of selling or underwriting insurance, or (4) rates charged by any person engaged in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio-broadcasting station, a motion-picture or other theater enterprise, or outdoor advertising facilities, or (5) rates charged for any professional services.

(d) The term "defense-rental area" means the District of Columbia and any area designated by the Administrator as an area where defense

activities have resulted or threaten to result in an increase in the rents for housing accommodations inconsistent with the purposes of this Act.

(e) The term "defense-area housing accommodations" means housing accommodations within any defense-rental area.

(f) The term "housing accommodations" means any building, structure, or part thereof, or land appurtenant thereto, or any other real or personal property rented or offered for rent for living or dwelling purposes (including houses, apartments, hotels, rooming or boarding house accommodations, and other properties used for living or dwelling purposes) together with all privileges, services, furnishings, furniture, and facilities connected with the use or occupancy of such property.

(g) The term "rent" means the consideration demanded or received in connection with the use or occupancy or the transfer of a lease of any housing accommodations.

(h) The term "person" includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative of any of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing: Provided, That no punishment provided by this Act shall apply to the United States, or to any such government, political subdivision, or agency.

(i) The term "maximum price", as applied to prices of commodities means the maximum lawful price for such commodities, and the term "maximum rent" means the maximum lawful rent for the use of defense-area housing accommodations. Maximum prices and maximum rents may be formulated, as the case may be, in terms of prices, rents, margins, commissions, fees, and other charges, and allowances.

(j) The term "documents" includes records, books, accounts, correspondence, memoranda, and other documents, and drafts and copies of any of the foregoing.

(k) The term "district court" means any district court of the United States, and the United States Court for any Territory or other place subject to the jurisdiction of the United States; and the term "circuit courts of appeals" includes the United States Court of Appeals for the District of Columbia.

SEPARABILITY

SEC. 303. If any provision of this Act or the application of such provision to any person or circumstances shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other persons or circumstances shall not be affected thereby.

APPROPRIATIONS AUTHORIZED

SEC. 304. There are authorized to be appropriated such sums as may be necessary or proper to carry out the provisions and purposes of this Act.

APPLICATION OF EXISTING LAW

SEC. 305. No provision of law in force on the date of enactment of this Act shall be construed to authorize any action inconsistent with the provisions and purposes of this Act.

SHORT TITLE

SEC. 306. This Act may be cited as the "Emergency Price Control Act of 1942".

And the Senate agree to the same.

HENRY B. STEAGALL,
CLYDE WILLIAMS,
BRENT SPENCE,

Managers on the part of the House.

PRENTISS M. BROWN,
CARTER GLASS,
JOHN A. DANAHER,
ALBEN W. BARKLEY,
J. H. BANKHEAD,
ROBERT A. TAFT,

Managers on the part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

DECLARATION OF PURPOSES

Section 1 of the House bill stated the purposes of the act and contained the general standards under which the powers granted were to be exercised. These purposes were (1) the preservation of the national currency, (2) the stabilization of prices and the prevention of unwarranted increases therein, (3) the prevention of economic and other disturbances which would result in such unwarranted increases, (4) the elimination of profiteering, hoarding, and other disruptive practices resulting from abnormal market conditions, (5) the prevention of prospects of price rises from impeding defense production, (6) the prevention of dissipation of defense appropriations by excessive prices, (7) the maintenance of maximum necessary production, (8) the protection of persons with fixed incomes, (9) the prevention of post-emergency collapse of values, (10) the stabilization of agricultural prices in the manner provided in section 3, and (11) the protection of the interests of those subject to the act by providing procedures for administration and review.

Section 1 of the Senate amendment also stated the purpose of the act and contained the general standards under which the powers granted were to be exercised. The Senate amendment omitted the purposes described above in (1), (3), (5), (6), (7), (9), (10), and (11). To the purpose described in the House bill of protecting persons with fixed incomes, the Senate amendment added the category consumers. The Senate amendment also added as additional purposes (1) the prevention of hardships to persons engaged in business, to schools, and to Federal, State, and local governments which would result from unwarranted price increases, (2) the securing of adequate production, and (3) the permission of voluntary cooperation between the Government and others to accomplish the other purposes of the bill.

Section 1 of the conference agreement omits the purposes of the House bill described above in (1), (3), (5), (7), and (11) in connection with the discussion of section 1 of the House bill, but includes the other purposes specified in the House bill and also includes the purposes referred to in (1), (2), and (3) described above in connection with the discussion of the Senate amendment.

LABOR POLICY

The Senate amendment (section 1) declared it to be the policy of those departments and agencies of the Government dealing with wages, within the limits of their authority and jurisdiction, to work toward a stabilization of prices and cost of production. There was no similar provision in the House bill.

The conference agreement contains the substance of the Senate amendment in this respect, and directs these agencies to work toward a stabilization of prices, fair and equitable wages, and cost of production.

TERMINATION DATE

The House bill (section 1 (b)) provided that the act should terminate on June 30, 1943, or upon the date of a proclamation by the President that its further continuance is not necessary, or upon the date of enactment of an act of Congress terminating it, whichever date was the earlier.

The Senate amendment also provided that the act should terminate at such time as the Congress by concurrent resolution might designate.

The conference agreement retains the substance of the Senate amendment with respect to termination of the act by concurrent resolution.

AUTHORITY TO PRESCRIBE MAXIMUM PRICES AND MAXIMUM RENTS

The authority granted under the Senate amendment (sec. 2) to issue regulations and orders prescribing maximum prices and maximum rents differs substantially from that granted in section 2 of the House bill only in the following respects:

(1) Under the House bill the "base period" which was to be used for the purpose of determining the price to be given consideration in fixing a maximum price was the period October 1 to October 15, 1941. Under the Senate amendment, if for any reason the period October 1 to October 15, 1941, reflected abnormal market conditions for a particular commodity, then the nearest 2-week period which was not abnormal was to be the "base period" for that commodity.

(2) Under the Senate amendment the Administrator was given specific authority to issue temporary regulations establishing a maximum price or prices. The maximum price so established was to be the price prevailing on the date of the issuance of the temporary regulation or order. The temporary regulation or order was to be effective for not more than 60 days.

(3) Under the House bill the "base period" for rents was the period "on or about April 1, 1940." Under the Senate amendment the "base period" for rents was the period "on or about April 1, 1941," except in cases where defense activities had already resulted in increases in rents inconsistent with the act's purposes. In such cases the "base period" was the period on or about the nearest date (not earlier than April 1, 1940) which did not reflect such increases.

(4) Under the Senate amendment the only maximum prices which were authorized to be established were those which might be established by regulations of general applicability and effect.

Section 2 of the conference agreement, insofar as it grants power to fix maximum prices and maximum rents, is substantially the same as

section 2 of the Senate amendment in that respect, except that in the case of rents, if the rents for housing accommodations in any defense rental area had not on April 1, 1941, resulted or threatened to result in an increase in rents inconsistent with the act's purpose, the conference agreement gives the Administrator power to fix as the "base period" a date later than April 1, 1941.

PRICE SCHEDULES OF OFFICE OF PRICE ADMINISTRATION

The Senate amendment (section 206) provided that any price schedule issued by the Administrator of the Office of Price Administration (established under the President's Executive order) prior to the date upon which the Administrator provided for in the bill took office, should, from that date, have the same effect as if issued under section 2 of the bill, until such schedule should be superseded by a regulation or order under the bill. Such price schedules to be effective in this manner were to be consistent with the standards contained in section 2 and the limitations contained in section 3 (relating to agricultural commodities) and were subject to protest and review in the same manner as a regulation issued under section 2. There were no comparable provisions in the House bill.

The conference agreement contains the provisions of the Senate amendment in this respect.

SPECULATIVE AND MANIPULATIVE PRACTICES

Both the House bill and the Senate amendment in section 2 (d) gave power to regulate or prohibit speculative or manipulative practices which were equivalent to or likely to result in price or rent increases inconsistent with the purposes of the Act.

The conference agreement (sec. 2 (d)) also grants this authority.

THE POWER TO BUY AND SELL

No authority to buy or sell commodities for price control purposes was given under the House bill. The Administrator provided for in the House bill was authorized (sec. 2 (e)), if he deemed it necessary in order to obtain the production of marginal producers, to notify the President, who in turn was authorized to direct any existing agency of the United States to exercise, in accordance with the directions of the President, any powers conferred upon it by law to buy or sell commodities, with the following limitations:

- (1) only domestic commodities produced by marginal producers were to be bought or sold under this authority;

- (2) strategic and critical materials were to be bought or sold only by corporations created pursuant to section 5d of the Reconstruction Finance Corporation Act, and only with the approval of the President and the Federal Loan Administrator;

- (3) no sale or other disposition of any agricultural commodity under the bill or under any existing law was to be made contrary to the provisions of the Agricultural Adjustment Act of 1938; and

- (4) the provisions of the Tariff Act of 1930 were expressly declared not to be affected.

The Senate amendment (section 2 (e)) gave the Administrator direct authority to buy or sell any commodity either for the purpose of obtaining maximum production or to prevent inflationary price increases. Funds appropriated for this purpose were to constitute a revolving fund. The Administrator was not limited under the Senate amendment to the purchase or sale of domestic products or products of marginal producers, but was authorized to import only to the extent that in his judgment the domestic production was insufficient to supply the demand therefor. Other limitations on this authority under the Senate amendment were:

(1) As in the House bill, the authority to deal in strategic and critical materials was to be exercised only by corporations created under section 5d of the Reconstruction Finance Corporation Act. An additional limitation in the Senate bill subjected such corporations to applicable price ceilings in the sale of any commodity.

(2) As in the House bill, the power to deal in commodities was subject to the applicable provisions of the Tariff Act of 1930, and it was provided that nothing in the bill or in existing law was to be construed to authorize the sale of any commodity contrary to the provisions of the Agricultural Adjustment Act of 1938.

(3) Nothing was to be construed to authorize the prohibition of futures trading in any commodity subject to the Commodity Exchange Act. There was no similar provision in the House bill.

The conference agreement (sec. 2 (e)) does not give the Administrator any power to buy or sell for the purpose of preventing price increases. It provides that whenever he determines that the maximum necessary production of any commodity is not being or may not be obtained, he may buy or sell, or store or use, such commodity in such quantities and in such manner and subject to such terms and conditions as he determines to be necessary to obtain the maximum necessary production or otherwise to supply the demand therefor, or he may make subsidy payments to domestic producers of the commodity in such amounts as he determines to be necessary to obtain the maximum necessary production. In the case of strategic and critical materials (as defined by the President under sec. 5d of the Reconstruction Finance Corporation Act) the above determinations are to be made, notwithstanding any power of the President to transfer functions, by the Federal Loan Administrator with the approval of the President, and the powers granted to be exercised only by corporations organized under such section 5d. The other provisions of the Senate amendment relating to the buying and selling powers of these corporations, relating to importation, the Tariff Act, and trading in futures, are also contained in the conference agreement. The provisions of the Senate amendment providing for a revolving fund are omitted from the conference agreement.

The limitations contained in the conference agreement on the power to buy and sell agricultural commodities are as follows:

(1) No sale or disposition under section 2 of the bill or under any existing law is to be made contrary to the provisions of the Agricultural Adjustment Act of 1938, as amended.

(2) No sale of any agricultural commodity is to be made within the United States by any governmental agency under section 2 at a price below any of the prices specified in section 3 (a). The provi-

sions of section 3 (f) of the conference agreement contain, in general terms, a similar limitation with respect to sales of agricultural commodities by any governmental agency under other provisions of law.

(3) No power under section 2 of the conference agreement (which includes most of the basic powers in the bill) is to be construed to authorize any action contrary to the provisions and purposes of section 3.

PROVISIONS RELATING TO REGULATIONS AND ORDERS ESTABLISHING MAXIMUM PRICES AND MAXIMUM RENTS

The House bill (sec. 2 (c)) provided that any regulation or order establishing a ceiling might be established in such form and manner, contain such classifications and differentiations, and provide for such adjustments, as in the judgment of the Administrator were necessary or proper.

The Senate amendment (sec. 2 (e)) extended this provision of the House bill to any regulation or order issued under the act, and provided that any such regulation or order could contain reasonable exceptions.

The conference agreement makes this provision applicable to any regulation or order under section 2, and also provides that such regulations and orders may contain reasonable exceptions.

The House bill (sec. 2 (h)) provided that regulations and orders under section 2 might contain such provisions as the Administrator deemed necessary to prevent their circumvention or evasion.

The Senate amendment made this provision applicable to all regulations and orders issued under the act.

The conference agreement (sec. 2 (g)) is similar to the Senate amendment in this respect.

ESTABLISHED MEANS AND AIDS TO DISTRIBUTION

The House bill (sec. 2 (g)) provided that the powers granted in section 2 should not be used or made to operate to compel changes in certain established aids to distribution, except to prevent circumvention or evasion of a ceiling established under the bill.

The Senate amendment (sec. 2 (h)) contained a similar provision.

The conference agreement provides that the powers granted in section 2 shall not be so used except to prevent circumvention or evasion of any regulation, order, price schedule, or requirement under the act.

AGRICULTURAL PROVISIONS

The House bill (sec. 3) provided that no ceiling could be established for an agricultural commodity below either (1) 110 per centum of the parity price, or (2) the price on October 1, 1941, or (3) the average price during the period July 1919 to June 1929. It further provided that any ceiling established for any commodity processed or manufactured in whole or substantial part from an agricultural commodity must be consistent with the purposes of the agricultural provisions and not be established so as to vitiate or to circumvent, or to prevent the effectuation of, the purposes of these provisions.

The House bill further provided that nothing therein or in any existing law should be construed to authorize action contrary to these provisions, and that nothing in the section of the bill authorizing the buying and selling of commodities (sec. 2 (e)) or in existing law should be construed to authorize the sale of any agricultural commodity contrary to the provisions of the Agricultural Adjustment Act of 1938 (which prescribe the minimum price at which, and the maximum quantities in which, cotton may be sold by the Commodity Credit Corporation).

The Senate amendment provided that no maximum price should be established or maintained for any agricultural commodity below either (1) the emergency wage parity price, or (2) the price on October 1, 1941, or December 15, 1941, or (3) the average price during the period July 1919 to June 1929. "Emergency wage parity price" was to be determined by the Secretary of Agriculture by giving weight, in the manner described in section 3 (b) of the Senate amendment, to urban wage rates. The weight to be thus given was 20 per centum of the other factors. The emergency wage parity price took the place of 110 per centum of parity specified in the House bill, and the price on December 15, 1941, was added as an additional floor for any maximum price.

The treatment of commodities processed or manufactured in whole or substantial part from any agricultural commodity was virtually the same in the Senate amendment as under the corresponding provision of the House bill.

The provision in the House bill requiring that nothing in existing law was to be construed to authorize action contrary to the provisions and purposes of the agricultural provisions was omitted from the Senate amendment, and the Senate amendment simply provided that nothing in the act was to be so construed. The Senate amendment further provided, however, that nothing in the Act was to be construed to affect provisions of the Agricultural Marketing Agreement Act of 1937, or to invalidate any marketing agreement, license, or order heretofore or hereafter issued under that act. That act authorizes the Secretary of Agriculture, among other things, to issue orders prescribing minimum prices for certain specified agricultural commodities.

The section of the Senate amendment authorizing the buying and selling of commodities (sec. 2 (e)) provided, as did the corresponding provision of the House bill, that nothing therein was to be construed to authorize any sale of an agricultural commodity contrary to the provisions of the Agricultural Adjustment Act of 1938.

The provisions of the Senate amendment which authorized the Administrator to require licenses provided that no license might be required of any farmer as a condition of selling any agricultural commodity produced by him. There were no licensing provisions in the House bill.

Finally, the Senate amendment provided that no action was to be taken under the act with respect to any agricultural commodity without the prior approval of the Secretary of Agriculture. There were no corresponding provisions of the House bill.

The conference agreement (sec. 3) provides that no maximum price shall be established or maintained for any agricultural commodity below (1) 110 percent of the parity price, or in case a comparable price has been determined (under provisions discussed below), 110

percent of the comparable price in lieu of 110 percent of the parity price, or (2) the market price on October 1, 1941, or (3) the market price on December 15, 1941, or (4) the average price during the period July 1, 1919, to June 30, 1929.

The Secretary of Agriculture is to determine and publish a "comparable price" for any nonbasic agricultural commodity whenever he finds, after investigation and public hearing, that its production and consumption has so changed in extent or character since the base period as to result in a price out of line with parity prices on basic commodities.

Maximum prices on commodities processed or manufactured in whole or substantial part from any agricultural commodity are required to be so established or maintained as to reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the highest price therefor specified above.

The conference agreement also retains the provisions of the Senate amendment under which the Agricultural Marketing Agreement Act of 1937, as amended, and licenses, marketing agreements, and orders heretofore or hereafter made or issued thereunder are not to be in any manner affected by the bill.

The provisions of the Senate amendment requiring action of the Administrator with respect to any agricultural commodity to have the prior approval of the Secretary of Agriculture is retained, but it is made clear that action which is thus subject to such approval does not include action to enforce compliance with a regulation or order of the Administrator previously approved by the Secretary of Agriculture.

The provisions of the House bill providing that nothing in the act or in any existing law is to be construed to authorize any action contrary to the provisions and purposes of this section (the application of which to the power to buy and sell is discussed above under that subject) is also contained in the conference agreement.

The licensing provisions of the conference agreement (sec. 205 (f)) deny the power to require of a farmer a license as a condition of selling any agricultural commodity produced by him.

The provisions of the conference agreement (sec. 201) which authorize the transfer of functions to the Price Administrator provide that no functions conferred by law upon the Secretary of Agriculture, and no functions conferred by law on any other governmental agency with respect to agricultural commodities, other than those with respect to priorities and rationing, shall be so transferred.

FISHERY COMMODITIES

The House bill (sec. 2 (i)) provided that no price ceiling should be placed upon any fishery commodity below the average price for such commodity in the year 1941 nor below the average cost of production at the time the ceiling was set. There were no corresponding provisions in the Senate amendment.

The conference agreement provides that no maximum price shall be placed upon any fishery commodity below the average price of such commodity in the year 1941, and also provides in section 205 (f) that no license may be required of any fisherman as a condition of selling any fishery commodity caught or taken by him.

PROHIBITIONS

The House bill (sec. 4) made it unlawful—

- (1) to sell or deliver any commodity, or
- (2) to demand or receive any rent, or
- (3) otherwise to do or omit to do any act,

in violation of any regulation or order under section 2, or any regulation, order, or requirement under section 202. The House bill also made it unlawful to remove or attempt to remove from any defense-area housing accommodations the tenant or occupant or to refuse to renew the lease, because the tenant or occupant took or proposed to take action authorized or required by the act. The House bill also made it unlawful for any officer or employee of the Government to disclose, otherwise than in the course of official duty, any information obtained under the Act.

The Senate amendment (sec. 4) made it unlawful—

- (1) to sell or deliver any commodity, or
- (2) in the course of trade or business to buy or receive any commodity, or
- (3) to demand or receive any rent, or
- (4) otherwise to do or omit to do any act,

in violation of any regulation, order, or requirement under the act, or in violation of any price schedule effective in accordance with section 206. The other provisions of section 4 of the Senate amendment were the same as the corresponding provisions of the House bill.

The conference agreement follows the provisions of the Senate amendment except that the regulations, orders, and requirements it is made unlawful to violate are limited to regulations, orders, and requirements issued under section 2 and section 202 (b) (discussed below).

VOLUNTARY AGREEMENTS

The Senate amendment (sec. 5) authorized the Administrator to confer with producers, processors, manufacturers, retailers, wholesalers, and other groups having to do with commodities, to cooperate with any agency or person, and to enter into voluntary arrangements or agreements with such persons or groups, relating to the fixing of maximum prices or otherwise. There was no corresponding provision in the House bill.

The conference agreement (sec. 5) authorizes the Administrator to confer with producers, processors, manufacturers, retailers, wholesalers, and other groups having to do with commodities, to cooperate with any agency or person, and to enter into voluntary arrangements or agreements with such persons, relating to the fixing of maximum prices or the other purposes of the act. A copy of each such arrangement and agreement is to be promptly furnished to the Attorney General, and no such arrangement or agreement is to permit any action contrary to any regulation or order under section 2 or section 206.

ADMINISTRATION AND REVIEW

Both the House bill and the Senate amendment vested the administration of the bill in a single Price Administrator. The House bill, however, provided also for a five-man Board of Administrative Review

with authority to affirm, modify, or reverse any regulation or order of the Administrator. Judicial review of decisions of the Board of Administrative Review might be had under the House bill by petition to the United States circuit courts of appeals.

In lieu of these provisions for administrative review by a five-man board followed by judicial review by the circuit courts of appeals the Senate amendment provided (1) for the formation of representative Industry Advisory Committees and for consultation by the Administrator with such committees, and (2) direct judicial review of regulations and orders of the Administrator by an Emergency Court of Appeals, composed of Federal judges, designated for service on such court by the Chief Justice of the United States. The Senate amendment also provided that a statement of considerations must accompany every regulation or order establishing a maximum price, that every such regulation or order should be subject to protest proceedings, that if any protest should be denied the Administrator must advise the protestant of the grounds upon which such denial was based, and that the Administrator must include in the transcript before the Emergency Court of Appeals the economic data and other facts of which he had taken official notice.

Under the Senate amendment employees of the Administrator receiving \$4,000 or more and all chiefs of regional and State offices were to be appointed with the advice and consent of the Senate.

The conference agreement contains the provisions of the Senate amendment with respect to administration and review except that the provisions discussed above requiring Senate confirmation of employees and chiefs of regional and State offices is omitted.

TRANSFER OF FUNCTIONS

The Senate amendment (sec. 201 (b)) authorized the President to transfer any powers of the Administrator under the bill with respect to any commodity to any other governmental agency having other functions with relation to such commodity, and to transfer to the Administrator any powers of any other governmental agency with respect to any commodity other than an agricultural commodity.

The conference agreement (sec. 201 (b)) contains a similar provision, but limits the functions of other governmental agencies which may be transferred to the Administrator to those relating to priorities and rationing. The conference agreement also provides that no function conferred by law on the Secretary of Agriculture, and no function conferred by law on any other governmental agency with respect to any agricultural commodity, other than functions relating to priorities and rationing, may be so transferred.

OBTAINING INFORMATION

The House bill (sec. 203) authorized the Administrator, the Board of Administrative Review, or any member thereof to administer oaths and affirmations and to subpoena witnesses and require the production of documents.

The Senate amendment (sec. 202) authorized the Administrator to make such studies and investigations, and to obtain or require the furnishing of such information under oath or otherwise, as he

deemed necessary in the administration and enforcement of the act. For these purposes the Administrator was authorized to require by subpoena the attendance of witnesses and the production of documents, to require persons to permit the inspection and copying of documents and inventories, and to require the making and keeping of records and other documents. The production of documents was not to be required where undue hardship would result or where the desired information could be obtained from copies.

The conference agreement (sec. 202) follows the provisions of the Senate amendment except that—

(1) Subpenas issued to persons not engaged in dealing with commodities or renting defense-area housing accommodations may be enforced only by application to the appropriate court for an order. Subpenas issued to persons who are so engaged may be enforced in this manner and also through criminal prosecution for willful disobedience to the subpoena.

(2) No documents are to be required to be produced in any case in which before the return date specified in the subpoena the person concerned has either furnished a certified copy or has entered into a stipulation with the Administrator as to the information contained therein.

ENFORCEMENT

Under the House bill, in addition to criminal prosecutions, the Administrator was authorized to enforce regulations or orders issued by him by bringing suit to enjoin violations of such regulations or orders.

The Senate amendment and the conference agreement retain these provisions but also provide for the licensing of sellers of any commodity whenever such licensing is necessary to secure compliance with regulations and orders under the bill. No person may be refused a license. No license may contain any provision which cannot otherwise be prescribed by regulation or order under section 2 or 202. No license may be required of any farmer or fisherman. No license may be required as a condition of selling newspapers, or other printed or written material, or motion pictures, or radio time. No action can be taken for the first violation; a warning notice alone may be sent. In the event of further violation the license may be suspended, but only by a court, not by the Administrator, and then only for such period as the court may determine, in no event to exceed 12 months. The conference agreement adds a further provision that any license which has been suspended by the court may be reinstated, or the order modified, upon written stipulation of the parties, approved by the trial court, upon such terms and conditions as the court shall find reasonable. All such proceedings must be brought in a State court unless the licensee is doing business in more than one State or unless his gross sales exceed \$100,000 per annum. In such cases suspension proceedings may also be brought in the Federal district courts. Every order of suspension is subject to review on appeal, and all such orders may be stayed in accordance with the applicable practice.

The Senate amendment also contains a further provision, retained in the Conference Agreement, which permits a civil action by non-commercial consumers for treble the amount of any unlawful over-

charge (or a minimum of \$50) made by any seller of any commodity subject to a price ceiling. The operation of this provision, however, is postponed until 6 months after the effective date of the bill.

DEFINITION OF COMMODITY

Under both the House bill (sec. 302 (c)) and the Senate amendment (sec. 302 (c)) the powers of the Administrator with respect to commodities was limited by the definition of commodity. The House bill defines commodity to include services rendered otherwise than as an employee in connection with the processing, distribution, storage, etc., of a commodity, or in connection with the operation of any service establishment. Nothing in the bill was to be construed to authorize the regulation of (1) compensation paid by an employer to any of his employees, or (2) rates charged by any common carrier or other public utility.

The Senate amendment excluded from the definition of commodity books, magazines, motion pictures, periodicals, and newspapers, and materials furnished for publication by any press association or feature service. It also provided, in addition to what was provided in the House bill, that nothing was to be construed to authorize the regulation of the rates charged (1) by any person selling or underwriting insurance, or (2) by any persons engaged in the business of operating or publishing a newspaper, periodical, or magazine, or operating a broadcasting station or a motion picture or other theater enterprise, or outdoor advertising facilities, or (3) for professional services.

The conference agreement adopts the provisions of the Senate amendment.

HENRY B. STEAGALL,
CLYDE WILLIAMS,
BRENT SPENCE,

Managers on the part of the House.



The CHAIRMAN. The Chair recognizes the gentleman from Mississippi [Mr. WHITTINGTON].

Mr. WHITTINGTON. Mr. Chairman, I am among those who believe that trade barriers, whether they have been enacted by the legislatures of the North or of the South, are unwise, and I oppose any sort of a trade barrier that would prevent or prohibit the use of any American product in any State of the Union, whether that product is grown in the North or the South or the East or the West. Such a policy is a shortsighted and unwise policy.

If we are to trust the administrators of veterans' hospitals in buying other foods, surely we can trust them in buying butter and oleomargarine as needed. Why prescribe that a veterans' hospital cannot buy the same sort of foods as any other hospital in the United States? I assert that when we are asking all the American people to make an appropriation for veterans' hospitals, all Americans should be treated alike, and there should be no discrimination in the appropriation bills against any American product.

I do not care when this prohibition was first inserted. It was wrong when inserted, and there is just one time to correct a wrong; that is, when it is brought to our attention.

It may be that oleomargarine is a good medicinal product, but I am speaking as an American citizen. I know it is an agricultural product just as butter is an agricultural product. I think it is unjust and unfair in an appropriation bill to undertake to promote the sale of any product by legislation.

I am from Mississippi. I want to use your cheese from Wisconsin and from Michigan; I want to have the right to buy it. I may favor a tax against the sale of any imported or foreign oils in my State or yours, but I shall continue to oppose any tax that would prohibit me from using any product made in Wisconsin or any other State in the Union. I maintain that such legislation should not prohibit the use of a product that is raised in the State that I represent in part.

Mr. HARE. Mr. Chairman, will the gentleman yield?

Mr. WHITTINGTON. I shall be glad to yield to the gentleman from South Carolina.

Mr. HARE. I am pleased to hear the gentleman say that he is unselfish enough to buy cheese from Minnesota or Wisconsin or any other State of the Union, but if the gentleman is like a number of people in my section, he would have to sell his cottonseed in order to buy it.

Mr. WHITTINGTON. I am sure of that, but be that as it may, I am speaking from a broad, national standpoint, from the standpoint of justice referred to by my good friend from Wisconsin, and I believe in justice to all that this provision is unfair and should be eliminated from the bill. I trust the amendment will be adopted.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. KEEFE] for 3 minutes.

Mr. KEEFE. Mr. Chairman, there appear to be two arguments advanced, as I interpret them, why the amendment offered by the gentleman from Mississippi [Mr. RANKIN] should pass. One argument is advanced by the gentleman from Mississippi, the other by the gentleman from Texas [Mr. KLEBERG]. I address myself to the first argument. The gentleman evolved the rather unique argument that the sale of oleomargarine is frequently necessary in order to maintain the health of patients in veterans' hospitals and that it is being prescribed regularly to maintain the health of Members of Congress, by the House physician, Dr. Calver. Not being a physician, I cannot speak with authority, but I would venture the assertion that good clean butter has no superior. If there is anything in oleomargarine that is not found in butter that is health giving, I fail to find any recorded history of any such fact. I defy the gentleman from Mississippi to bring the evidence on the floor of the House. It may be that there are some people, perhaps, who are allergic to butter and who are compelled to eat an imitation just as some people use saccharine to replace sugar. It may be that certain individuals dare not take into their systems the nourishment that good, wholesome butter will give them. Such people accept a substitute that is made to look and taste like butter but which lacks the nourishment that butter has. That may be the reason why certain physicians are prescribing margarine. The substitute imitation may fool the eye, the nose, and the sense of taste, but the stomach knows the difference. If margarine is so wonderful a product, why try to imitate butter?

It seems to me if there were any such facts, other than those that are put out by the manufacturers of margarine and similar products, we would have the benefit of them here before the Congress and not have to take the ex parte statements of the gentleman from Mississippi.

Mr. RANKIN of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. KEEFE. I fear he has been spending too much time listening to the high-pressure radio broadcasts extolling the wonders of margarine that come over the air every night or, perhaps, the gentleman has been carried away by reading in the magazines the great advertisements that appear there, and which are paid for out of the great profits of the great Oleomargarine Trust that is manufacturing this product and trying to drive the farmers and the creameries of this country out of business. I am surprised that the gentleman from Mississippi who, above all others in this Congress, cries out from day to day about the power and influence of the Power Trust and their expenditure of huge sums of money would be here on the floor defending the Oleomargarine Trust.

I now yield to the gentleman from Mississippi.

Mr. RANKIN of Mississippi. The gentleman spoke about the men in the hospital and he went on to say that they must not be robust. These men are not robust; they are sick men.

Mr. KEEFE. That is why the people in our hospitals get butter. That is why

they get other dairy products. They want and they get wholesome butter because it is easily assimilable and because it does give them nourishment. I seriously doubt that the gentleman from Mississippi can bring a physician or a doctor of any standing who will say anything to the contrary.

[Here the gavel fell.]

The CHAIRMAN. The Chair recognizes the gentleman from Virginia [Mr. WOODRUM] for 3 minutes.

Mr. WOODRUM of Virginia. Mr. Chairman, I had not expected to take any time on this matter, but I will say this. So far as the committee is concerned, the committee has no interest in this friendly but spirited controversy between the proponents of oleomargarine and the advocates of butter. I believe that a man should be permitted to spread his bread with whatever he wants to spread on it. If he has anything to spread on it, he is lucky these days.

So far as the amendment is concerned, I will say that it was put in the bill quite a number of years ago. I am not sure whether it is carried in any of the other appropriation bills or whether the hospitals of the Army and the Navy are restricted in this manner or not, but it has been in this bill, and there have been several instances, such as we now have before us, and the committee has carried the provision in the bill because every time we have had it up it has been put in the measure. I think it was stricken out of the bill once in the Senate and we had to put it back again.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM of Virginia. I yield to the gentleman.

Mr. FITZPATRICK. About 2 or 3 years ago we carried the provision in the bill and the Senate struck it out, and almost every veterans' organization in the United States wanted it restored to the bill. We heard from the 48 States of the Union. The veterans are almost unanimously in favor of retaining this provision in the bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi [Mr. RANKIN].

The question was taken; and on a division (demanded by Mr. RANKIN of Mississippi) there were—ayes 29, nays 71. So the amendment was rejected.

The Clerk concluded the reading of the bill.

Mr. WOODRUM of Virginia. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. THOMASON, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill H. R. 6430, and had directed him to report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. WOODRUM of Virginia. Mr. Speaker, I move the previous question on the bill and amendments to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en grosse. The question is on agreeing to the amendments.

The amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

PRICE CONTROL BILL—LEAVE TO FILE CONFERENCE REPORT

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the conferees on the price control bill have until midnight tonight to file a report.

The SPEAKER. Is there objection?

There was no objection.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"TITLE I—GENERAL PROVISIONS AND AUTHORITY

"PURPOSES; TIME LIMIT; APPLICABILITY

"SECTION 1. (a) It is hereby declared to be in the interest of the national defense and security and necessary to the effective prosecution of the present war, and the purposes of this Act are, to stabilize prices and to prevent speculative, unwarranted, and abnormal increases in prices and rents; to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities caused by or contributing to the national emergency; to assure that defense appropriations are not dissipated by excessive prices; to protect persons with relatively fixed and limited incomes, consumers, wage earners, investors, and persons dependent on life insurance, annuities, and pensions, from undue impairment of their standard of living; to prevent hardships to persons engaged in business, to schools, universities, and other institutions, and to the Federal, State, and local governments, which would result from abnormal increases in prices; to assist in securing adequate production of commodities and facilities; to prevent a post emergency collapse of values; to stabilize agricultural prices in the manner provided in section 3; and to permit voluntary cooperation between the Government and producers, processors, and others to accomplish the aforesaid purposes. It shall be the policy of those departments and agencies of the Government dealing with wages (including the Department of Labor and its various bureaus, the War Department, the Navy Department, the War Production Board, the National Labor Relations Board, the National Mediation Board, the National War Labor Board, and others heretofore or hereafter created), within the limits of their

authority and jurisdiction, to work toward a stabilization of prices, fair and equitable wages, and cost of production.

"(b) The provisions of this Act, and all regulations, orders, price schedules, and requirements thereunder, shall terminate on June 30, 1943, or upon the date of a proclamation by the President, or upon the date specified in a concurrent resolution by the two Houses of the Congress, declaring that the further continuance of the authority granted by this Act is not necessary in the interest of the national defense and security, whichever date is the earlier; except that as to offenses committed, or rights or liabilities incurred, prior to such termination date, the provisions of this Act and such regulations, orders, price schedules, and requirements shall be treated as still remaining in force for the purpose of sustaining any proper suit, action, or prosecution with respect to any such right, liability, or offense.

"(c) The provisions of this Act shall be applicable to the United States, its Territories and possessions, and the District of Columbia.

"PRICES, RENTS, AND MARKET AND RENTING PRACTICES

"SEC. 2. (a) Whenever in the judgment of the Price Administrator (provided for in section 201) the price or prices of a commodity or commodities have risen or threaten to rise to an extent or in a manner inconsistent with the purposes of this Act, he may by regulation or order establish such maximum price or maximum prices as in his judgment will be generally fair and equitable and will effectuate the purposes of this Act. So far as practicable, in establishing any maximum price, the Administrator shall ascertain and give due consideration to the prices prevailing between October 1 and October 15, 1941 (or if, in the case of any commodity, there are no prevailing prices between such dates, or the prevailing prices between such dates are not generally representative because of abnormal or seasonal market conditions or other cause, then to the prices prevailing during the nearest two-week period in which, in the judgment of the Administrator, the prices for such commodity are generally representative), for the commodity or commodities included under such regulation or order, and shall make adjustments for such relevant factors as he may determine and deem to be of general applicability, including the following: Speculative fluctuations, general increases or decreases in costs of production, distribution, and transportation, and general increases or decreases in profits earned by sellers of the commodity or commodities, during and subsequent to the year ended October 1, 1941. Every regulation or order issued under the foregoing provisions of this subsection shall be accompanied by a statement of the considerations involved in the issuance of such regulation or order. As used in the foregoing provisions of this subsection, the term "regulation or order" means a regulation or order of general applicability and effect. Before issuing any regulation or order under the foregoing provisions of this subsection, the Administrator shall, so far as practicable, advise and consult with representative members of the industry which will be affected by such regulation or order. In the case of any commodity for which a maximum price has been established, the Administrator shall, at the request of any substantial portion of the industry subject to such maximum price, regulation, or order of the Administrator, appoint an industry advisory committee, or committees, either national or regional or both, consisting of such number of representatives of the industry as may be necessary in order to constitute a committee truly representative of the industry, or of the industry in such region, as the case may be. The committee shall select a chairman from among its mem-

bers, and shall meet at the call of the chairman. The Administrator shall from time to time, at the request of the committee, advise and consult with the committee with respect to the regulation or order, and with respect to the form thereof, and classifications, differentiations, and adjustments therein. The committee may make such recommendations to the Administrator as it deems advisable. Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this Act, he may, without regard to the foregoing provisions of this subsection, issue temporary regulations or orders establishing as a maximum price or maximum prices the price or prices prevailing with respect to any commodity or commodities within five days prior to the date of issuance of such temporary regulations or orders; but any such temporary regulation or order shall be effective for not more than sixty days, and may be replaced by a regulation or order issued under the foregoing provisions of this subsection.

"(b) Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this Act, he shall issue a declaration setting forth the necessity for, and recommendations with reference to, the stabilization or reduction of rents for any defense-area housing accommodations within a particular defense-rental area. If within 60 days after the issuance of any such recommendations rents for any such accommodations within such defense-rental area have not in the judgment of the Administrator been stabilized or reduced by State or local regulation, or otherwise, in accordance with the recommendations, the Administrator may by regulation or order establish such maximum rent or maximum rents for such accommodations as in his judgment will be generally fair and equitable and will effectuate the purposes of this Act. So far as practicable, in establishing any maximum rent for any defense-area housing accommodations, the Administrator shall ascertain and give due consideration to the rents prevailing for such accommodations, or comparable accommodations, on or about April 1, 1941 (or if, prior or subsequent to April 1, 1941, defense activities shall have resulted or threatened to result in increases in rents for housing accommodations in such area inconsistent with the purposes of this Act, then on or about a date (not earlier than April 1, 1940), which in the judgment of the Administrator, does not reflect such increases), and he shall make adjustments for such relevant factors as he may determine and deem to be of general applicability in respect of such accommodations, including increases or decreases in property taxes and other costs. In designating defense-rental areas, in prescribing regulations and orders establishing maximum rents for such accommodations, and in selecting persons to administer such regulations and orders, the Administrator shall, to such extent as he determines to be practicable, consider any recommendations which may be made by State and local officials concerned with housing or rental conditions in any defense-rental area.

"(c) Any regulation or order under this section may be established in such form and manner, may contain such classifications and differentiations, and may provide for such adjustments and reasonable exceptions, as in the judgment of the Administrator are necessary or proper in order to effectuate the purposes of this Act. Any regulation or order under this section which establishes a maximum price or maximum rent may provide for a maximum price or maximum rent below the price or prices prevailing for the commodity or commodities, or below the rent or rents prevailing for the defense-area housing accommodations, at the time of the issuance of such regulation or order.

"(d) Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this Act, he may, by regulation or order, regulate or prohibit speculative or manipulative practices (including practices relating to changes in form or quality) or hoarding, in connection with any commodity, and speculative or manipulative practices or renting or leasing practices (including practices relating to recovery of the possession) in connection with any defense-area housing accommodations, which in his judgment are equivalent to or are likely to result in price or rent increases, as the case may be, inconsistent with the purposes of this Act.

"(e) Whenever the Administrator determines that the maximum necessary production of any commodity is not being obtained or may not be obtained during the ensuing year, he may, on behalf of the United States, without regard to the provisions of law requiring competitive bidding, buy or sell at public or private sale, or store or use, such commodity in such quantities and in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production thereof or otherwise to supply the demand therefor, or make subsidy payments to domestic producers of such commodity in such amounts and in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production thereof: *Provided*, That in the case of any commodity which has heretofore or may hereafter be defined as a strategic or critical material by the President pursuant to section 5d of the Reconstruction Finance Corporation Act, as amended, such determinations shall be made by the Federal Loan Administrator, with the approval of the President, and, notwithstanding any other provision of this Act or of any existing law, such commodity may be bought or sold, or stored or used, and such subsidy payments to domestic producers thereof may be paid, only by corporations created or organized pursuant to such section 5d; except that in the case of the sale of any commodity by any such corporation, the sale price therefor shall not exceed any maximum price established pursuant to subsection (a) of this section which is applicable to such commodity at the time of sale or delivery, but such sale price may be below such maximum price or below the purchase price of such commodity, and the Administrator may make recommendations with respect to the buying or selling, or storage or use, of any such commodity. In any case in which a commodity is domestically produced, the powers granted to the Administrator by this subsection shall be exercised with respect to importations of such commodity only to the extent that, in the judgment of the Administrator, the domestic production of the commodity is not sufficient to satisfy the demand therefor. Nothing in this section shall be construed to modify, suspend, amend, or supersede any provision of the Tariff Act of 1930, as amended, and nothing in this section, or in any existing law, shall be construed to authorize any sale or other disposition of any agricultural commodity contrary to the provisions of the Agricultural Adjustment Act of 1938, as amended, or to authorize the Administrator to prohibit trading in any agricultural commodity for future delivery if such trading is subject to the provisions of the Commodity Exchange Act, as amended.

"(f) No power conferred by this section shall be construed to authorize any action contrary to the provisions and purposes of section 3, and no agricultural commodity shall be sold within the United States pursuant to the provisions of this section by any governmental agency at a price below the price limitations imposed by section 3 (a) of this Act with respect to such commodity.

"(g) Regulations, orders, and requirements under this Act may contain such provisions as the Administrator deems necessary to prevent the circumvention or evasion thereof.

"(h) The powers granted in this section shall not be used or made to operate to compel changes in the business practices, cost practices or methods, or means or aids to distribution, established in any industry, except to prevent circumvention or evasion of any regulation, order, price schedule, or requirement under this Act.

"(i) No maximum price shall be established for any fishery commodity below the average price of such commodity in the year 1941.

"AGRICULTURAL COMMODITIES

"Sec. 3. (a) No maximum price shall be established or maintained for any agricultural commodity below the highest of any of the following prices, as determined and published by the Secretary of Agriculture: (1) 110 per centum of the parity price for such commodity, adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or, in case a comparable price has been determined for such commodity under subsection (b), 110 per centum of such comparable price, adjusted in the same manner, in lieu of 110 per centum of the parity price so adjusted; (2) the market price prevailing for such commodity on October 1, 1941; (3) the market price prevailing for such commodity on December 15, 1941; or (4) the average price for such commodity during the period July 1, 1919, to June 30, 1929.

"(b) For the purposes of this Act, parity prices shall be determined and published by the Secretary of Agriculture as authorized by law. In the case of any agricultural commodity other than the basic crops corn, wheat, cotton, rice, tobacco, and peanuts, the Secretary shall determine and publish a comparable price whenever he finds, after investigation and public hearing, that the production and consumption of such commodity has so changed in extent or character since the base period as to result in a price out of line with parity prices for basic commodities.

"(c) No maximum price shall be established or maintained for any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the highest price therefor specified in subsection (a).

"(d) Nothing contained in this Act shall be construed to modify, repeal, supersede, or affect the provisions of the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of such Act.

"(e) Notwithstanding any other provision of this or any other law, no action shall be taken under this Act by the Administrator or any other person with respect to any agricultural commodity without the prior approval of the Secretary of Agriculture; except that the Administrator may take such action as may be necessary under section 202 and section 205 (a) and (b) to enforce compliance with any regulation, order, price schedule or other requirement with respect to an agricultural commodity which has been previously approved by the Secretary of Agriculture.

"(f) No provision of this Act or of any existing law shall be construed to authorize any action contrary to the provisions and purposes of this section.

"PROHIBITIONS

"Sec. 4. (a) It shall be unlawful, regardless of any contract, agreement, lease, or other obligation heretofore or hereafter entered

into, for any person to sell or deliver any commodity, or in the course of trade or business to buy or receive any commodity, or to demand or receive any rent for any defense-area housing accommodations, or otherwise to do or omit to do any act, in violation of any regulation or order under section 2, or of any price schedule effective in accordance with the provisions of section 206, or of any regulation, order, or requirement under section 202 (b) or section 205 (f), or to offer, solicit, attempt, or agree to do any of the foregoing.

"(b) It shall be unlawful for any person to remove or attempt to remove from any defense-area housing accommodations the tenant or occupant thereof or to refuse to renew the lease or agreement for the use of such accommodations, because such tenant or occupant has taken, or proposes to take, action authorized or required by this Act or any regulation, order, or requirement thereunder.

"(c) It shall be unlawful for any officer or employee of the Government, or for any adviser or consultant to the Administrator in his official capacity, to disclose, otherwise than in the course of official duty, any information obtained under this Act, or to use any such information, for personal benefit.

"(d) Nothing in this Act shall be construed to require any person to sell any commodity or to offer any accommodations for rent.

"VOLUNTARY AGREEMENTS

"Sec. 5. In carrying out the provisions of this Act, the Administrator is authorized to confer with producers, processors, manufacturers, retailers, wholesalers, and other groups having to do with commodities, and with representatives and associations thereof, to cooperate with any agency or person, and to enter into voluntary arrangements or agreements with any such persons, groups, or associations relating to the fixing of maximum prices, the issuance of other regulations or orders, or the other purposes of this Act, but no such arrangement or agreement shall modify any regulation, order, or price schedule previously issued which is effective in accordance with the provisions of section 2 or section 206. The Attorney General shall be promptly furnished with a copy of each such arrangement or agreement.

"TITLE II—ADMINISTRATION AND ENFORCEMENT

"ADMINISTRATION

"Sec. 201. (a) There is hereby created an Office of Price Administration, which shall be under the direction of a Price Administrator (referred to in this Act as the 'Administrator'). The Administrator shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of \$12,000 per annum. The Administrator may, subject to the civil-service laws, appoint such employees as he deems necessary in order to carry out his functions and duties under this Act, and shall fix their compensation in accordance with the Classification Act of 1923, as amended. The Administrator may utilize the services of Federal, State, and local agencies and may utilize and establish such regional, local, or other agencies, and utilize such voluntary and uncompensated services, as may from time to time be needed. Attorneys appointed under this section may appear for and represent the Administrator in any case in any court. In the appointment, selection, classification, and promotion of officers and employees of the Office of Price Administration, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency.

"(b) The principal office of the Administrator shall be in the District of Columbia, but he or any duly authorized representative may exercise any or all of his powers in any place. The President is authorized to trans-

fer any of the powers and functions conferred by this Act upon the Office of Price Administration with respect to a particular commodity or commodities to any other department or agency of the Government having other functions relating to such commodity or commodities, and to transfer to the Office of Price Administration any of the powers and functions relating to priorities or rationing conferred by law upon any other department or agency of the Government with respect to any particular commodity or commodities; but, notwithstanding any provision of this or any other law, no powers or functions conferred by law upon the Secretary of Agriculture shall be transferred to the Office of Price Administration or to the Administrator, and no powers or functions conferred by law upon any other department or agency of the Government with respect to any agricultural commodity, except powers and functions relating to priorities or rationing, shall be so transferred.

"(c) The Administrator shall have authority to make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere; for lawbooks and books of reference; and for paper, printing, and binding) as he may deem necessary for the administration and enforcement of this Act. The provisions of section 3709 of the Revised Statutes shall not apply to the purchase of supplies and services by the Administrator where the aggregate amount involved does not exceed \$250.

"(d) The Administrator may, from time to time, issue such regulations and orders as he may deem necessary or proper in order to carry out the purposes and provisions of this Act.

"INVESTIGATIONS; RECORDS; REPORTS

"SEC. 202. (a) The Administrator is authorized to make such studies and investigations and to obtain such information as he deems necessary or proper to assist him in prescribing any regulation or order under this Act, or in the administration and enforcement of this Act and regulations, orders, and price schedules thereunder.

"(b) The Administrator is further authorized, by regulation or order, to require any person who is engaged in the business of dealing with any commodity, or who rents or offers for rent or acts as broker or agent for the rental of any housing accommodations, to furnish any such information under oath or affirmation or otherwise, to make and keep records and other documents, and to make reports, and he may require any such person to permit the inspection and copying of records and other documents, the inspection of inventories, and the inspection of defense-area housing accommodations. The Administrator may administer oaths and affirmations and may, whenever necessary, by subpoena require any such person to appear and testify or to appear and produce documents, or both, at any designated place.

"(c) For the purpose of obtaining any information under subsection (a), the Administrator may by subpoena require any other person to appear and testify or to appear and produce documents, or both, at any designated place.

"(d) The production of a person's documents at any place other than his place of business shall not be required under this section in any case in which, prior to the return date specified in the subpoena issued with respect thereto, such person either has furnished the Administrator with a copy of such documents (certified by such person under oath to be a true and correct copy), or has entered into a stipulation with the Administrator as to the information contained in such documents.

"(e) In case of contumacy by, or refusal to obey a subpoena served upon, any person referred to in subsection (c), the district court for any district in which such person is found or resides or transacts business, upon applica-

tion by the Administrator, shall have jurisdiction to issue an order requiring such person to appear and give testimony or to appear and produce documents, or both; and any failure to obey such order of the court may be punished by such court as a contempt thereof. The provisions of this subsection shall also apply to any person referred to in subsection (b), and shall be in addition to the provisions of section 4 (a).

"(f) Witnesses subpoenaed under this section shall be paid the same fees and mileage as are paid witnesses in the district courts of the United States.

"(g) No person shall be excused from complying with any requirements under this section because of his privilege against self-incrimination, but the immunity provisions of the Compulsory Testimony Act of February 11, 1893 (U. S. C., 1934 edition, title 49, sec. 46), shall apply with respect to any individual who specifically claims such privilege.

"(h) The Administrator shall not publish or disclose any information obtained under this Act that such Administrator deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information, unless he determines that the withholding thereof is contrary to the interest of the national defense and security.

"PROCEDURE

"SEC. 203. (a) Within a period of sixty days after the issuance of any regulation or order under section 2, or in the case of a price schedule, within a period of sixty days after the effective date thereof specified in section 206, any person subject to any provision of such regulation, order, or price schedule may, in accordance with regulations to be prescribed by the Administrator, file a protest specifically setting forth objections to any such provision and affidavits or other written evidence in support of such objections. At any time after the expiration of such sixty days any persons subject to any provision of such regulation, order, or price schedule may file such a protest based solely on grounds arising after the expiration of such sixty days. Statements in support of any such regulation, order, or price schedule may be received and incorporated in the transcript of the proceedings at such times and in accordance with such regulations as may be prescribed by the Administrator. Within a reasonable time after the filing of any protest under this subsection, but in no event more than thirty days after such filing or ninety days after the issuance of the regulation or order (or in the case of a price schedule, ninety days after the effective date thereof specified in section 206) in respect of which the protest is filed, whichever occurs later, the Administrator shall either grant or deny such protest in whole or in part, notice such protest for hearing, or provide an opportunity to present further evidence in connection therewith. In the event that the Administrator denies any such protest in whole or in part, he shall inform the protestant of the grounds upon which such decision is based, and of any economic data and other facts of which the Administrator has taken official notice.

"(b) In the administration of this Act the Administrator may take official notice of economic data and other facts, including facts found by him as a result of action taken under section 202.

"(c) Any proceedings under this section may be limited by the Administrator to the filing of affidavits, or other written evidence, and the filing of briefs.

"REVIEW

"SEC. 204. (a) Any person who is aggrieved by the denial or partial denial of his protest may, within thirty days after such denial, file a complaint with the Emergency Court of Appeals, created pursuant to subsection

(c), specifying his objections and praying that the regulation, order, or price schedule protested be enjoined or set aside in whole or in part. A copy of such complaint shall forthwith be served on the Administrator, who shall certify and file with such court a transcript of such portions of the proceedings in connection with the protest as are material under the complaint. Such transcript shall include a statement setting forth, so far as practicable, the economic data and other facts of which the Administrator has taken official notice. Upon the filing of such complaint the court shall have exclusive jurisdiction to set aside such regulation, order, or price schedule, in whole or in part, to dismiss the complaint, or to remand the proceeding: *Provided*, That the regulation, order, or price schedule may be modified or rescinded by the Administrator at any time notwithstanding the pendency of such complaint. No objection to such regulation, order, or price schedule, and no evidence in support of any objection thereto, shall be considered by the court, unless such objection shall have been set forth by the complainant in the protest or such evidence shall be contained in the transcript. If application is made to the court by either party for leave to introduce additional evidence which was either offered to the Administrator and not admitted, or which could not reasonably have been offered to the Administrator or included by the Administrator in such proceedings, and the court determines that such evidence should be admitted, the court shall order the evidence to be presented to the Administrator. The Administrator shall promptly receive the same, and such other evidence as he deems necessary or proper, and thereupon he shall certify and file with the court a transcript thereof and any modification made in the regulation, order, or price schedule as a result thereof; except that on request by the Administrator, any such evidence shall be presented directly to the court.

"(b) No such regulation, order, or price schedule shall be enjoined or set aside, in whole or in part, unless the complainant establishes to the satisfaction of the court that the regulation, order, or price schedule is not in accordance with law, or is arbitrary or capricious. The effectiveness of a judgment of the court enjoining or setting aside, in whole or in part, any such regulation, order, or price schedule shall be postponed until the expiration of thirty days from the entry thereof, except that if a petition for a writ of certiorari is filed with the Supreme Court under subsection (d) within such thirty days, the effectiveness of such judgment shall be postponed until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the case by the Supreme Court.

"(c) There is hereby created a court of the United States to be known as the Emergency Court of Appeals, which shall consist of three or more judges to be designated by the Chief Justice of the United States from judges of the United States district courts and circuit courts of appeals. The Chief Justice of the United States shall designate one of such judges as chief judge of the Emergency Court of Appeals, and may, from time to time, designate additional judges for such court and revoke previous designations. The chief judge may, from time to time, divide the court into divisions of three or more members, and any such division may render judgment as the judgment of the court. The court shall have the powers of a district court with respect to the jurisdiction conferred on it by this Act; except that the court shall not have power to issue any temporary restraining order or interlocutory decree staying or restraining, in whole or in part, the effectiveness of any regulation or order issued under section 2 or any price schedule effective in accordance with the provisions of section 206.

The court shall exercise its powers and prescribe rules governing its procedure in such manner as to expedite the determination of cases of which it has jurisdiction under this Act. The court may fix and establish a table of costs and fees to be approved by the Supreme Court of the United States, but the costs and fees so fixed shall not exceed with respect to any item the costs and fees charged in the Supreme Court of the United States. The court shall have a seal, hold sessions at such places as it may specify, and appoint a clerk and such other employees as it deems necessary or proper.

"(d) Within thirty days after entry of a judgment or order, interlocutory or final, by the Emergency Court of Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment or order shall be subject to review by the Supreme Court in the same manner as a judgment of a circuit court of appeals as provided in section 240 of the Judicial Code, as amended (U. S. C., 1934 edition, title 28, sec. 347). The Supreme Court shall advance on the docket and expedite the disposition of all causes filed therein pursuant to this subsection. The Emergency Court of Appeals, and the Supreme Court upon review of judgments and orders of the Emergency Court of Appeals, shall have exclusive jurisdiction to determine the validity of any regulation or order issued under section 2, of any price schedule effective in accordance with the provisions of section 206, and of any provision of any such regulation, order, or price schedule. Except as provided in this section, no court, Federal, State, or Territorial, shall have jurisdiction or power to consider the validity of any such regulation, order, or price schedule, or to stay, restrain, enjoin, or set aside, in whole or in part, any provision of this Act authorizing the issuance of such regulations or orders, or making effective any such price schedule, or any provision of any such regulation, order, or price schedule, or to restrain or enjoin the enforcement of any such provision.

"ENFORCEMENT

"Sec. 205. (a) Whenever in the judgment of the Administrator any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 4 of this Act, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the Administrator that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

"(b) Any person who willfully violates any provision of section 4 of this Act, and any person who makes any statement or entry false in any material respect in any document or report required to be kept or filed under section 2 or section 202, shall, upon conviction thereof, be subject to a fine of not more than \$5,000, or to imprisonment for not more than two years in the case of a violation of section 4 (c) and for not more than one year in all other cases, or to both such fine and imprisonment. Whenever the Administrator has reason to believe that any person is liable to punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

"(c) The district courts shall have jurisdiction of criminal proceedings for violations of section 4 of this Act, and, concurrently with State and Territorial courts, of all other proceedings under section 205 of this Act. Such criminal proceedings may be brought in any district in which any part of any act or transaction constituting the violation occurred. Except as provided in section 205 (f) (2), such other proceedings may

be brought in any district in which any part of any act or transaction constituting the violation occurred, and may also be brought in the district in which the defendant resides or transacts business, and process in such cases may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found. Any such court shall advance on the docket and expedite the disposition of any criminal or other proceedings brought before it under this section. No costs shall be assessed against the Administrator or the United States Government in any proceeding under this Act.

"(d) No person shall be held liable for damages or penalties in any Federal, State, or Territorial court, on any grounds for or in respect of anything done or omitted to be done in good faith pursuant to any provision of this Act or any regulation, order, price schedule, requirement, or agreement thereunder, or under any price schedule of the Administrator or of the Office of Price Administration or of the Administrator of the Office of Price Administration and Civilian Supply, notwithstanding that subsequently such provision, regulation, order, price schedule, requirement, or agreement may be modified, rescinded, or determined to be invalid. In any suit or action wherein a party relies for ground of relief or defense upon this Act or any regulation, order, price schedule, requirement, or agreement thereunder, the court having jurisdiction of such suit or action shall certify such fact to the Administrator. The Administrator may intervene in any such suit or action.

"(e) If any person selling a commodity violates a regulation, order, or price schedule prescribing a maximum price or maximum prices, the person who buys such commodity for use or consumption other than in the course of trade or business may bring an action either for \$50 or for treble the amount by which the consideration exceeded the applicable maximum price, whichever is the greater, plus reasonable attorney's fees and costs as determined by the court. For the purposes of this section the payment or receipt of rent for defense-area housing accommodations shall be deemed the buying or selling of a commodity, as the case may be. If any person selling a commodity violates a regulation, order, or price schedule prescribing a maximum price or maximum prices, and the buyer is not entitled to bring suit or action under this subsection, the Administrator may bring such action under this subsection on behalf of the United States. Any suit or action under this subsection may be brought in any court of competent jurisdiction, and shall be instituted within one year after delivery is completed or rent is paid. The provisions of this subsection shall not take effect until after the expiration of six months from the date of enactment of this Act.

"(f) (1) Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this Act and to assure compliance with and provide for the effective enforcement of any regulation or order issued or which may be issued under section 2, or of any price schedule effective in accordance with the provisions of section 206, he may by regulation or order issue to or require of any person or persons subject to any regulation or order issued under section 2, or subject to any such price schedule, a license as a condition of selling any commodity or commodities with respect to which such regulation, order, or price schedule is applicable. It shall not be necessary for the Administrator to issue a separate license for each commodity or for each regulation, order, or price schedule with respect to which a license is required. No such license shall contain any provision which could not be prescribed by regulation, order, or requirement

under section 2 or section 202: *Provided*, That no such license may be required as a condition of selling or distributing (except as waste or scrap) newspapers, periodicals, books, or other printed or written material, or motion pictures, or as a condition of selling radio time: *Provided further*, That no license may be required of any farmer as a condition of selling any agricultural commodity produced by him, and no license may be required of any fisherman as a condition of selling any fishery commodity caught or taken by him: *Provided further*, That in any case in which such a license is required of any person, the Administrator shall not have power to deny to such person a license to sell any commodity or commodities, unless such person already has such a license to sell such commodity or commodities, or unless there is in effect under paragraph (2) of this subsection with respect to such person an order of suspension of a previous license to the extent that such previous license authorized such person to sell such commodity or commodities.

"(2) Whenever in the judgment of the Administrator a person has violated any of the provisions of a license issued under this subsection, or has violated any of the provisions of any regulation, order, or requirement under section 2 or section 202 (b), or any of the provisions of any price schedule effective in accordance with the provisions of section 206, which is applicable to such person, a warning notice shall be sent by registered mail to such person. If the Administrator has reason to believe that such person has again violated any of the provisions of such license, regulation, order, price schedule, or requirement after receipt of such warning notice, the Administrator may petition any State or Territorial court of competent jurisdiction, or a district court subject to the limitations hereinafter provided, for an order suspending the license of such person for any period of not more than twelve months. If any such court finds that such person has violated any of the provisions of such license, regulation, order, price schedule, or requirement after the receipt of the warning notice, such court shall issue an order suspending the license to the extent that it authorizes such person to sell the commodity or commodities in connection with which the violation occurred, or to the extent that it authorizes such person to sell any commodity or commodities with respect to which a regulation or order issued under section 2, or a price schedule effective in accordance with the provisions of section 206, is applicable; but no such suspension shall be for a period of more than twelve months. For the purposes of this subsection, any such proceedings for the suspension of a license may be brought in a district court if the licensee is doing business in more than one State, or if his gross sales exceed \$100,000 per annum. Within thirty days after the entry of the judgment or order of any court either suspending a license, or dismissing or denying in whole or in part the Administrator's petition for suspension, an appeal may be taken from such judgment or order in like manner as an appeal may be taken in other cases from a judgment or order of a State, Territorial, or district court, as the case may be. Upon good cause shown, any such order of suspension may be stayed by the appropriate court or any judge thereof in accordance with the applicable practice; and upon written stipulation of the parties to the proceeding for suspension, approved by the trial court, any such order of suspension may be modified, and the license which has been suspended may be restored, upon such terms and conditions as such court shall find reasonable. Any such order of suspension shall be affirmed by the appropriate appellate court if, under the applicable rules of law, the evidence in the record supports a finding that there has been a violation of any pro-

vision of such license, regulation, order, price schedule, or requirement after receipt of such warning notice. No proceedings for suspension of a license, and no such suspension, shall confer any immunity from any other provision of this Act.

"SAVING PROVISIONS"

"SEC. 206. Any price schedule establishing a maximum price or maximum prices, issued by the Administrator of the Office of Price Administration or the Administrator of the Office of Price Administration and Civilian Supply, prior to the date upon which the Administrator provided for by section 201 of this Act takes office, shall, from such date, have the same effect as if issued under section 2 of this Act until such price schedule is superseded by action taken pursuant to such section 2. Such price schedules shall be consistent with the standards contained in section 2 and the limitations contained in section 3 of this Act, and shall be subject to protest and review as provided in section 203 and section 204 of this Act. All such price schedules shall be reprinted in the Federal Register within ten days after the date upon which such Administrator takes office.

"TITLE III—MISCELLANEOUS"

"QUARTERLY REPORT"

"SEC. 301. The Administrator from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act. If the Senate or the House of Representatives is not in session, such reports shall be transmitted to the Secretary of the Senate, or the Clerk of the House of Representatives, as the case may be.

"DEFINITIONS"

"SEC. 302. As used in this Act—

"(a) The term 'sale' includes sales, dispositions, exchanges, leases, and other transfers, and contracts and offers to do any of the foregoing. The terms 'sell', 'selling', 'seller', 'buy', and 'buyer', shall be construed accordingly.

"(b) The term 'price' means the consideration demanded or received in connection with the sale of a commodity.

"(c) The term 'commodity' means commodities, articles, products, and materials (except materials furnished for publication by any press association or feature service, books, magazines, motion pictures, periodicals and newspapers, other than as waste or scrap), and it also includes services rendered otherwise than as an employee in connection with the processing, distribution, storage, installation, repair, or negotiation of purchases or sales of a commodity, or in connection with the operation of a service establishment for the servicing of a commodity: *Provided*, That nothing in this Act shall be construed to authorize the regulation of (1) compensation paid by an employer to any of his employees, or (2) rates charged by any common carrier or other public utility, or (3) rates charged by any person engaged in the business of selling or underwriting insurance, or (4) rates charged by any person engaged in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio-broadcasting station, a motion-picture or other theater enterprise, or outdoor advertising facilities, or (5) rates charged for any professional services.

"(d) The term 'defense-rental area' means the District of Columbia and any area designated by the Administrator as an area where defense activities have resulted or threaten to result in an increase in the rents for housing accommodations inconsistent with the purposes of this Act.

"(e) The term 'defense-area housing accommodations' means housing accommodations within any defense-rental area.

"(f) The term 'housing accommodations' means any building, structure, or part there-

of, or land appurtenant thereto, or any other real or personal property rented or offered for rent for living or dwelling purposes (including houses, apartments, hotels, rooming or boarding house accommodations, and other properties used for living or dwelling purposes) together with all privileges, services, furnishings, furniture, and facilities connected with the use or occupancy of such property.

"(g) The term 'rent' means the consideration demanded or received in connection with the use or occupancy or the transfer of a lease of any housing accommodations.

"(h) The term 'person' includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative of any of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing: *Provided*, That no punishment provided by this Act shall apply to the United States, or to any such government, political subdivision, or agency.

"(i) The term 'maximum price', as applied to prices of commodities means the maximum lawful price for such commodities, and the term 'maximum rent' means the maximum lawful rent for the use of defense-area housing accommodations. Maximum prices and maximum rents may be formulated, as the case may be, in terms of prices, rents, margins, commissions, fees, and other charges, and allowances.

"(j) The term 'documents' includes records, books, accounts, correspondence, memoranda, and other documents, and drafts and copies of any of the foregoing.

"(k) The term 'district court' means any district court of the United States, and the United States Court for any Territory or other place subject to the jurisdiction of the United States; and the term 'circuit courts of appeals' includes the United States Court of Appeals for the District of Columbia.

"SEPARABILITY"

"SEC. 303. If any provision of this Act or the application of such provision to any person or circumstances shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other persons or circumstances shall not be affected thereby.

"APPROPRIATIONS AUTHORIZED"

"SEC. 304. There are authorized to be appropriated such sums as may be necessary or proper to carry out the provisions and purposes of this Act.

"APPLICATION OF EXISTING LAW"

"SEC. 305. No provision of law in force on the date of enactment of this Act shall be construed to authorize any action inconsistent with the provisions and purposes of this Act.

"SHORT TITLE"

"SEC. 306. This Act may be cited as the 'Emergency Price Control Act of 1942.' And the Senate agree to the same.

HENRY B. STEAGALL,
CLYDE WILLIAMS,
BRENT SPENCE,

Managers on the part of the House.

PRENTISS M. BROWN,
CARTER GLASS,
JOHN A. DANAHER,
ALBEN W. BARKLEY,
J. H. BANKHEAD,
ROBERT A. TAFT,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and

for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompany conference report:

Declaration of purposes

Section 1 of the House bill stated the purposes of the act and contained the general standards under which the powers granted were to be exercised. These purposes were (1) the preservation of the national currency, (2) the stabilization of prices and the prevention of unwarranted increases therein, (3) the prevention of economic and other disturbances which would result in such unwarranted increases, (4) the elimination of profiteering, hoarding, and other disruptive practices resulting from abnormal market conditions, (5) the prevention of prospects of price rises from impeding defense production, (6) the prevention of dissipation of defense appropriations by excessive prices, (7) the maintenance of maximum necessary production, (8) the protection of persons with fixed incomes, (9) the prevention of a post-emergency collapse of values, (10) the stabilization of agricultural prices in the manner provided in section 3, and (11) the protection of the interests of those subject to the act by providing procedures for administration and review.

Section 1 of the Senate amendment also stated the purpose of the act and contained the general standards under which the powers granted were to be exercised. The Senate amendment omitted the purposes described above in (1), (3), (5), (6), (7), (9), (10), and (11). To the purpose described in the House bill of protecting persons with fixed incomes, the Senate amendment added the category consumers. The Senate amendment also added as additional purposes (1) the prevention of hardships to persons engaged in business, to schools, and to Federal, State, and local governments which would result from unwarranted price increases, (2) the securing of adequate production, and (3) the permission of voluntary cooperation between the Government and others to accomplish the other purposes of the bill.

Section 1 of the conference agreement omits the purposes of the House bill described above in (1), (3), (5), (7), and (11) in connection with the discussion of section 1 of the House bill, but includes the other purposes specified in the House bill and also includes the purposes referred to in (1), (2), and (3) described above in connection with the discussion of the Senate amendment.

Labor policy

The Senate amendment (sec. 1) declared it to be the policy of those departments and agencies of the Government dealing with wages, within the limits of their authority and jurisdiction, to work toward a stabilization of prices and cost of production. There was no similar provision in the House bill.

The conference agreement contains the substance of the Senate amendment in this respect and directs these agencies to work toward a stabilization of prices, fair and equitable wages, and cost of production.

Termination date

The House bill (sec. 1 (b)) provided that the act should terminate on June 30, 1943, or upon the date of a proclamation by the President that its further continuance is not necessary, or upon the date of enactment of an act of Congress terminating it, whichever date was the earlier.

The Senate amendment also provided that the act should terminate at such time as the Congress by concurrent resolution might designate.

The conference agreement retains the substance of the Senate amendment with respect to termination of the act by concurrent resolution.

Authority to prescribe maximum prices and maximum rents

The authority granted under the Senate amendment (sec. 2) to issue regulations and orders prescribing maximum prices and maximum rents differs substantially from that granted in section 2 of the House bill only in the following respects:

(1) Under the House bill the "base period" which was to be used for the purpose of determining the price to be given consideration in fixing a maximum price was the period October 1 to October 15, 1941. Under the Senate amendment, if for any reason the period October 1 to October 15, 1941, reflected abnormal market conditions for a particular commodity, then the nearest 2-week period which was not abnormal was to be the "base period" for that commodity.

(2) Under the Senate amendment the Administrator was given specific authority to issue temporary regulations establishing a maximum price or prices. The maximum price so established was to be the price prevailing on the date of the issuance of the temporary regulation or order. The temporary regulation or order was to be effective for not more than 60 days.

(3) Under the House bill the "base period" for rents was the period "on or about April 1, 1940." Under the Senate amendment the "base period" for rents was the period "on or about April 1, 1941", except in cases where defense activities had already resulted in increases in rents inconsistent with the act's purposes. In such cases the "base period" was the period on or about the nearest date (not earlier than April 1, 1940) which did not reflect such increases.

(4) Under the Senate amendment the only maximum prices which were authorized to be established were those which might be established by regulations of general applicability and effect.

Section 2 of the conference agreement, insofar as it grants power to fix maximum prices and maximum rents, is substantially the same as section 2 of the Senate amendment in that respect, except that in the case of rents, if the rents for housing accommodations in any defense rental area had not on April 1, 1941, resulted or threatened to result in an increase in rents inconsistent with the act's purposes, the conference agreement gives the Administrator power to fix as the "base period" a date later than April 1, 1941.

Price schedules of Office of Price Administration

The Senate amendment (sec. 206) provided that any price schedule issued by the Administrator of the Office of Price Administration (established under the President's Executive order) prior to the date upon which the Administrator provided for in the bill took office, should, from that date, have the same effect as if issued under section 2 of the bill, until such schedule should be superseded by a regulation or order under the bill. Such price schedules to be effective in this manner were to be consistent with the standards contained in section 2 and the limitations contained in section 3 (relating to agricultural commodities) and were subject to protest and review in the same manner as a regulation issued under section 2. There were no comparable provisions in the House bill.

The conference agreement contains the provisions of the Senate amendment in this respect.

Speculative and manipulative practices

Both the House bill and the Senate amendment in section 2 (d) gave power to regulate or prohibit speculative or manipulative practices which were equivalent to or likely to result in price or rent increases inconsistent with the purposes of the Act.

The conference agreement (sec. 2 (d)) also grants this authority.

The power to buy and sell

No authority to buy or sell commodities for price control purposes was given under the House bill. The Administrator provided for in the House bill was authorized (sec. 2 (e)), if he deemed it necessary in order to obtain the production of marginal producers, to notify the President, who in turn was authorized to direct any existing agency of the United States to exercise, in accordance with the directions of the President, any powers conferred upon it by law to buy or sell commodities, with the following limitations:

(1) only domestic commodities produced by marginal producers were to be bought or sold under this authority;

(2) strategic and critical materials were to be bought or sold only by corporations created pursuant to section 5d of the Reconstruction Finance Corporation Act, and only with the approval of the President and the Federal Loan Administrator;

(3) no sale or other disposition of any agricultural commodity under the bill or under any existing law was to be made contrary to the provisions of the Agricultural Adjustment Act of 1938; and

(4) the provisions of the Tariff Act of 1930 were expressly declared not to be affected.

The Senate amendment (sec. 2 (e)) gave the Administrator direct authority to buy or sell any commodity either for the purpose of obtaining maximum production or to prevent inflationary price increases. Funds appropriated for this purpose were to constitute a revolving fund. The Administrator was not limited under the Senate amendment to the purchase or sale of domestic products or products of marginal producers, but was authorized to import only to the extent that in his judgment the domestic production was insufficient to supply the demand therefor. Other limitations on this authority under the Senate amendment were:

(1) As in the House bill, the authority to deal in strategic and critical materials was to be exercised only by corporations created under section 5d of the Reconstruction Finance Corporation Act. An additional limitation in the Senate bill subjected such corporations to applicable price ceilings in the sale of any commodity.

(2) As in the House bill, the power to deal in commodities was subject to the applicable provisions of the Tariff Act of 1930, and it was provided that nothing in the bill or in existing law was to be construed to authorize the sale of any commodity contrary to the provisions of the Agricultural Adjustment Act of 1938.

(3) Nothing was to be construed to authorize the prohibition of futures trading in any commodity subject to the Commodity Exchange Act. There was no similar provision in the House bill.

The conference agreement (sec. 2 (e)) does not give the Administrator any power to buy or sell for the purpose of preventing price increases. It provides that whenever he determines that the maximum necessary production of any commodity is not being or may not be obtained, he may buy or sell, or store or use, such commodity in such quantities and in such manner and subject to such terms and conditions as he determines to be necessary to obtain the maximum necessary production or otherwise to supply the demand therefor, or he may make subsidy payments to domestic producers of the commodity in such amounts as he determines to be necessary to obtain the maximum necessary production. In the case of strategic and critical materials (as defined by the President under sec. 5d of the Reconstruction Finance Corporation Act) the above determinations are to be made, notwithstanding any power of the President to transfer functions, by the Federal Loan Administrator with the approval of the President, and the powers granted to be exercised only by corporations organized under such section 5d. The other

provisions of the Senate amendment relating to the buying and selling powers of these corporations, relating to importation, the Tariff Act, and trading in futures, are also contained in the conference agreement. The provisions of the Senate amendment providing for a revolving fund are omitted from the conference agreement.

The limitations contained in the conference agreement on the power to buy and sell agricultural commodities are as follows:

(1) No sale or disposition under section 2 of the bill or under any existing law is to be made contrary to the provisions of the Agricultural Adjustment Act of 1938, as amended.

(2) No sale of any agricultural commodity is to be made within the United States by any governmental agency under section 2 at a price below any of the prices specified in section 3 (a). The provisions of section 3 (f) of the conference agreement contain, in general terms, a similar limitation with respect to sales of agricultural commodities by any governmental agency under other provisions of law.

(3) No power under section 2 of the conference agreement (which includes most of the basic powers in the bill) is to be construed to authorize any action contrary to the provisions and purposes of section 3.

Provisions relating to regulations and orders establishing maximum prices and maximum rents

The House bill (sec. 2 (c)) provided that any regulation or order establishing a ceiling might be established in such form and manner, contain such classifications and differentiations, and provide for such adjustments, as in the judgment of the Administrator were necessary or proper.

The Senate amendment (sec. 2 (c)) extended this provision of the House bill to any regulation or order issued under the act, and provided that any such regulation or order could contain reasonable exceptions.

The conference agreement makes this provision applicable to any regulation or order under section 2, and also provides that such regulations and orders may contain reasonable exceptions.

The House bill (sec. 2 (h)) provided that regulations and orders under section 2 might contain such provisions as the Administrator deemed necessary to prevent their circumvention or evasion.

The Senate amendment made this provision applicable to all regulations and orders issued under the act.

The conference agreement (sec. 2 (g)) is similar to the Senate amendment in this respect.

Established means and aids to distribution

The House bill (sec. 2 (g)) provided that the powers granted in section 2 should not be used or made to operate to compel changes in certain established aids to distribution, except to prevent circumvention or evasion of a ceiling established under the bill.

The Senate amendment (sec. 2 (h)) contained a similar provision.

The conference agreement provides that the powers granted in section 2 shall not be so used except to prevent circumvention or evasion of any regulation, order, price schedule, or requirement under the act.

Agricultural provisions

The House bill (sec. 3) provided that no ceiling could be established for an agricultural commodity below either (1) 110 per centum of the parity price, or (2) the price on October 1, 1941, or (3) the average price during the period July 1919 to June 1929. It further provided that any ceiling established for any commodity processed or manufactured in whole or substantial part from an agricultural commodity must be consistent with the purposes of the agricultural provisions and not be established so as to vitiate or to circumvent, or to prevent the ef-

fection of, the purposes of these provisions.

The House bill further provided that nothing therein or in any existing law should be construed to authorize action contrary to these provisions, and that nothing in the section of the bill authorizing the buying and selling of commodities (sec. 2 (e)) or in existing law should be construed to authorize the sale of any agricultural commodity contrary to the provisions of the Agricultural Adjustment Act of 1938 (which prescribe the minimum price at which, and the maximum quantities in which, cotton may be sold by the Commodity Credit Corporation).

The Senate amendment provided that no maximum price should be established or maintained for any agricultural commodity below either (1) the emergency wage parity price, or (2) the price on October 1, 1941, or December 15, 1941, or (3) the average price during the period July 1919 to June 1929. "Emergency wage parity price" was to be determined by the Secretary of Agriculture by giving weight, in the manner described in section 3 (b) of the Senate amendment, to urban wage rates. The weight to be thus given was 20 per centum of the other factors. The emergency wage parity price took the place of 110 per centum of parity specified in the House bill, and the price on December 15, 1941, was added as an additional floor for any maximum price.

The treatment of commodities processed or manufactured in whole or substantial part from any agricultural commodity was virtually the same in the Senate amendment as under the corresponding provision of the House bill.

The provision in the House bill requiring that nothing in existing law was to be construed to authorize action contrary to the provisions and purposes of the agricultural provisions was omitted from the Senate amendment, and the Senate amendment simply provided that nothing in the act was to be so construed. The Senate amendment further provided, however, that nothing in the Act was to be construed to affect provisions of the Agricultural Marketing Agreement Act of 1937, or to invalidate any marketing agreement, license, or order heretofore or hereafter issued under that act. That act authorizes the Secretary of Agriculture, among other things, to issue orders prescribing minimum prices for certain specified agricultural commodities.

The section of the Senate amendment authorizing the buying and selling of commodities (sec. 2 (e)) provided, as did the corresponding provision of the House bill, that nothing therein was to be construed to authorize any sale of an agricultural commodity contrary to the provisions of the Agricultural Adjustment Act of 1938.

The provisions of the Senate amendment which authorized the Administrator to require licenses provided that no license might be required of any farmer as a condition of selling any agricultural commodity produced by him. There were no licensing provisions in the House bill.

Finally, the Senate amendment provided that no action was to be taken under the act with respect to any agricultural commodity without the prior approval of the Secretary of Agriculture. There were no corresponding provisions of the House bill.

The conference agreement (sec. 3) provides that no maximum price shall be established or maintained for any agricultural commodity below (1) 110 per centum of the parity price, or in case a comparable price has been determined (under provisions discussed below), 110 per centum of the comparable price in lieu of 110 per centum of the parity price, or (2) the market price on October 1, 1941, or (3) the market price on December 15, 1941, or (4) the average price during the period July 1, 1919 to June 30, 1929.

The Secretary of Agriculture is to determine and publish a "comparable price" for any nonbasic agricultural commodity whenever he finds, after investigation and public hearing, that its production and consumption has so changed in extent or character since the base period as to result in a price out of line with parity prices on basic commodities.

Maximum prices on commodities processed or manufactured in whole or substantial part from any agricultural commodity are required to be so established or maintained as to reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the highest price therefor specified above.

The conference agreement also retains the provisions of the Senate amendment under which the Agricultural Marketing Agreement Act of 1937, as amended, and licenses, marketing agreements, and orders heretofore or hereafter made or issued thereunder are not to be in any manner affected by the bill.

The provisions of the Senate amendment requiring action of the Administrator with respect to any agricultural commodity to have the prior approval of the Secretary of Agriculture is retained, but it is made clear that action which is thus subject to such approval does not include action to enforce compliance with a regulation or order of the Administrator previously approved by the Secretary of Agriculture.

The provisions of the House bill providing that nothing in the act or in any existing law is to be construed to authorize any action contrary to the provisions and purposes of this section (the application of which to the power to buy and sell is discussed above under that subject) is also contained in the conference agreement.

The licensing provisions of the conference agreement (sec. 205 (f)) deny the power to require of a farmer a license as a condition of selling any agricultural commodity produced by him.

The provisions of the conference agreement (sec. 201) which authorize the transfer of functions to the Price Administrator provide that no functions conferred by law upon the Secretary of Agriculture, and no functions conferred by law on any other governmental agency with respect to agricultural commodities, other than those with respect to priorities and rationing, shall be so transferred.

Fishery commodities

The House bill (sec. 2 (1)) provided that no price ceiling should be placed upon any fishery commodity below the average price for such commodity in the year 1941 nor below the average cost of production at the time the ceiling was set. There were no corresponding provisions in the Senate amendment.

The conference agreement provides that no maximum price shall be placed upon any fishery commodity below the average price of such commodity in the year 1941, and also provides in section 205 (f) that no license may be required of any fisherman as a condition of selling any fishery commodity caught or taken by him.

Prohibitions

The House bill (sec. 4) made it unlawful—

- (1) to sell or deliver any commodity, or
- (2) to demand or receive any rent, or
- (3) otherwise to do or omit to do any act, in violation of any regulation or order under section 2, or any regulation, order, or requirement under section 202. The House bill also made it unlawful to remove or attempt to remove from any defense-area housing accommodations the tenant or occupant or to refuse to renew the lease, because the tenant or occupant took or proposed to take action authorized or required by the Act. The House bill also made it unlawful for any officer or employee of the Government to

disclose, otherwise than in the course of official duty, any information obtained under the Act.

The Senate amendment (sec. 4) made it unlawful—

- (1) to sell or deliver any commodity, or
- (2) in the course of trade or business to buy or receive any commodity, or
- (3) to demand or receive any rent, or
- (4) otherwise to do or omit to do any act, in violation of any regulation, order, or requirement under the Act, or in violation of any price schedule effective in accordance with section 206. The other provisions of section 4 of the Senate amendment were the same as the corresponding provisions of the House bill.

The conference agreement follows the provisions of the Senate amendment except that the regulations, orders, and requirements it is made unlawful to violate are limited to regulations, orders, and requirements issued under section 2 and section 202 (b) (discussed below).

Voluntary agreements

The Senate amendment (sec. 5) authorized the Administrator to confer with producers, processors, manufacturers, retailers, wholesalers, and other groups having to do with commodities, to cooperate with any agency or person, and to enter into voluntary arrangements or agreements with such persons or groups, relating to the fixing of maximum prices or otherwise. There was no corresponding provision in the House bill.

The conference agreement (sec. 5) authorizes the Administrator to confer with producers, processors, manufacturers, retailers, wholesalers, and other groups having to do with commodities, to cooperate with any agency or person, and to enter into voluntary arrangements or agreements with such persons, relating to the fixing of maximum prices or the other purposes of the Act. A copy of each such arrangement and agreement is to be promptly furnished to the Attorney General, and no such arrangement or agreement is to permit any action contrary to any regulation or order under section 2 or section 206.

Administration and review

Both the House bill and the Senate amendment vested the administration of the bill in a single Price Administrator. The House bill, however, provided also for a five-man Board of Administrative Review with authority to affirm, modify, or reverse any regulation or order of the Administrator. Judicial review of decisions of the Board of Administrative Review might be had under the House bill by petition to the United States circuit courts of appeals.

In lieu of these provisions for administrative review by a five-man board followed by judicial review by the circuit courts of appeals the Senate amendment provided (1) for the formation of representative Industry Advisory Committees and for consultation by the Administrator with such committees, and (2) direct judicial review of regulations and orders of the Administrator by an Emergency Court of Appeals, composed of Federal judges, designated for service on such court by the Chief Justice of the United States. The Senate amendment also provided that a statement of considerations must accompany every regulation or order establishing a maximum price, that every such regulation or order should be subject to protest proceedings, that if any protest should be denied the Administrator must advise the protestant of the grounds upon which such denial was based, and that the Administrator must include in the transcript before the Emergency Court of Appeals the economic data and other facts of which he had taken official notice.

Under the Senate amendment employees of the Administrator receiving \$4,000 or more and all chiefs of regional and State offices

were to be appointed with the advice and consent of the Senate.

The conference agreement contains the provisions of the Senate amendment with respect to administration and review except that the provisions discussed above requiring Senate confirmation of employees and chiefs of regional and State offices is omitted.

Transfer of functions

The Senate amendment (sec. 201 (b)) authorizing the President to transfer any powers of the Administrator under the bill with respect to any commodity to any other governmental agency having other functions with relation to such commodity, and to transfer to the Administrator any powers of any other governmental agency with respect to any commodity other than an agricultural commodity.

The conference agreement (sec. 201 (b)) contains a similar provision, but limits the functions of other governmental agencies which may be transferred to the Administrator to those relating to priorities and rationing. The conference agreement also provides that no function conferred by law on the Secretary of Agriculture, and no function conferred by law on any other governmental agency with respect to any agricultural commodity, other than functions relating to priorities and rationing, may be so transferred.

Obtaining information

The House bill (sec. 203) authorized the Administrator, the Board of Administrative Review, or any member thereof, to administer oaths and affirmations and to subpoena witnesses and require the production of documents.

The Senate amendment (sec. 202) authorized the Administrator to make such studies and investigations, and to obtain or require the furnishing of such information under oath or otherwise, as he deemed necessary in the administration and enforcement of the act. For these purposes the Administrator was authorized to require by subpoena the attendance of witnesses and the production of documents, to require persons to permit the inspection and copying of documents and inventories, and to require the making and keeping of records and other documents. The production of documents was not to be required where undue hardship would result or where the desired information could be obtained from copies.

The conference agreement (sec. 202) follows the provisions of the Senate amendment except that—

(1) Subpenas issued to persons not engaged in dealing with commodities or renting defense-area housing accommodations may be enforced only by application to the appropriate court for an order. Subpenas issued to persons who are so engaged may be enforced in this manner and also through criminal prosecution for willful disobedience to the subpoena.

(2) No documents are to be required to be produced in any case in which before the return date specified in the subpoena the person concerned has either furnished a certified copy or has entered into a stipulation with the Administrator as to the information contained therein.

Enforcement

Under the House bill, in addition to criminal prosecutions, the Administrator was authorized to enforce regulations or orders issued by him by bringing suit to enjoin violations of such regulations or orders.

The Senate amendment and the conference agreement retain these provisions but also provide for the licensing of sellers of any commodity whenever such licensing is necessary to secure compliance with regulations and orders under the bill. No person may be refused a license. No license may contain any provision which cannot other-

wise be prescribed by regulation or order under section 2 or 202. No license may be required of any farmer or fisherman. No license may be required as a condition of selling newspapers, or other printed or written material, or motion pictures, or radio time. No action can be taken for the first violation; a warning notice alone may be sent. In the event of further violation the license may be suspended, but only by a court, not by the Administrator, and then only for such period as the court may determine, in no event to exceed 12 months. The conference agreement adds a further provision that any license which has been suspended by the court may be reinstated, or the order modified, upon written stipulation of the parties, approved by the trial court, upon such terms and conditions as the court shall find reasonable. All such proceedings must be brought in a State court unless the licensee is doing business in more than one State or unless his gross sales exceed \$100,000 per annum. In such cases suspension proceedings may also be brought in the Federal district courts. Every order of suspension is subject to review on appeal, and all such orders may be stayed in accordance with the applicable practice.

The Senate amendment also contains a further provision, retained in the conference agreement, which permits a civil action by noncommercial consumers for treble the amount of any unlawful overcharge (or a minimum of \$50) made by any seller of any commodity subject to a price ceiling. The operation of this provision, however, is postponed until 6 months after the effective date of the bill.

Definition of commodity

Under both the House bill (sec. 302 (c)) and the Senate amendment (sec. 302 (c)) the powers of the Administrator with respect to commodities was limited by the definition of commodity. The House bill defines commodity to include services rendered otherwise than as an employee in connection with the processing, distribution, storage, etc. of a commodity, or in connection with the operation of any service establishment. Nothing in the bill was to be construed to authorize the regulation of (1) compensation paid by an employer to any of his employees, or (2) rates charged by any common carrier or other public utility.

The Senate amendment excluded from the definition of commodity books, magazines, motion pictures, periodicals, and newspapers, and materials furnished for publication by any press association or feature service. It also provided, in addition to what was provided in the House bill, that nothing was to be construed to authorize the regulation of the rates charged (1) by any person selling or underwriting insurance, or (2) by any person engaged in the business of operating or publishing a newspaper, periodical, or magazine, or operating a broadcasting station or a motion picture or other theatre enterprise, or outdoor advertising facilities, or (3) for professional services.

The conference agreement adopts the provisions of the Senate amendment.

HENRY B. STEAGALL,
CLYDE WILLIAMS,
BRENT SPENCE,

Managers on the part of the House.

EXTENSION OF REMARKS

Mr. HOOK. Mr. Speaker, I ask unanimous consent to extend my remarks and include an editorial on the conservation of rubber.

The SPEAKER. Is there objection?
There was no objection.

[The matter referred to appears in the Appendix.]

BROTHERHOOD OF LOCOMOTIVE FIREMEN AND ENGINEMEN

The SPEAKER. Under previous order of the House the Chair recognizes the gentleman from Missouri [Mr. SHANNON].

Mr. SHANNON. Mr. Speaker, I ask unanimous consent to extend in connection with my remarks a letter from Mr. D. B. Robertson, president of the Brotherhood of Locomotive Firemen and Enginemen.

The SPEAKER. Is there objection?

There was no objection.

Mr. SHANNON. Mr. Speaker, I wish at this time to attempt to rectify a grave wrong which has been done by the majority report of the Committee on Naval Affairs to the labor organizations of this country in the reference contained in that report to their trust funds!

In addition to the majority report of the committee there were two minority reports, one of which was submitted by me individually. I do not believe that any member of the committee was conscious at the time of signing these reports that the reserves of labor unions referred to in the majority report represent trust funds accumulated over the years for the protection of widows, orphans, and the disabled.

It has just been called to my attention that 75 to 90 percent of the so-called union reserves constitute accumulations for insurance purposes. This fact has been most strongly and clearly presented to me in a letter I have just received from Mr. D. B. Robertson, president of the Brotherhood of Locomotive Firemen and Enginemen, which I wish to read into the CONGRESSIONAL RECORD in order to rectify, insofar as possible, the wrong which has been done to the labor unions of this country.

Mr. Robertson's letter reads as follows:

WASHINGTON, D. C.,
January 21, 1942.

The Honorable Jos. B. SHANNON,
Representative, Fifth Congressional
District of Missouri,
House Office Building,
Washington, D. C.

MY DEAR CONGRESSMAN: As you are a member of the Naval Affairs Committee of the House of Representatives, which has just made public its report of investigation conducted pursuant to House Resolution 162, I am presuming to address you because I fear a misapprehension of the facts may be created as result of statements carried in the Washington papers this morning concerning that portion of the committee's report which deals with the subject of labor organizations and their funds—with particular reference to the Brotherhood of Locomotive Firemen and Enginemen. Some of these statements, if allowed to go unchallenged, would reflect discredit and disloyalty upon our brotherhood—a situation I am anxious to avoid by making this public statement of the truth concerning the Brotherhood of Locomotive Firemen and Enginemen and its funds.

The Washington Post article opens with the statement that "organized labor is named with big corporations as being among the principal offenders sharing in the excessive and unconscionable profits of American war production." This same paper also quotes—presumably from the committee's report—as follows:

"The tremendous financial gains made by labor organizations during the period of the defense effort and the vast amount of funds and assets in their treasuries present an

astounding picture of concentration of wealth, a situation heretofore usually associated only with industry and finance."

The following further statement is made:

"One of the large independent unions covered by the report—the Brotherhood of Locomotive Firemen and Enginemen—disclosed a gain in net assets of \$1,254,492.

"These vast tax-exempt funds reposing in the treasuries of labor organizations, many of which by strikes and work stoppages have delayed and even obstructed the defense program, presents a problem which the committee feels should well be considered by Congress," the report declared."

In commenting upon the committee's report, the Washington Times-Herald today stated:

"One independent labor organization, the Brotherhood of Locomotive Firemen and Enginemen, has assets alone of \$25,997,034."

First, I want to most emphatically state that the Brotherhood of Locomotive Firemen and Enginemen has not received one cent of profits, either "excessive and unconscionable" or otherwise, as result of American war production.

We completed and filed a questionnaire received from the House Committee on Naval Affairs, and I submit that by no stretch of imagination can that questionnaire be construed as showing that our brotherhood received one cent of profit from American war production. It may be well to here point out that we were not called before the committee to explain the information we furnished in completing the questionnaire.

Furthermore, I want to deny that any of the funds of our brotherhood have been or are being used in any manner to delay or obstruct the defense program. As president of our brotherhood and chairman of the Railway Labor Executives' Association in 1926, I assisted in drafting and sponsoring the Railway Labor Act, which was enacted by Congress and has since provided machinery for the peaceful settlement of labor disputes in the railroad industry. This act has been pointed out as a model piece of legislation adequate for the settlement of labor disputes in other industries. Without qualification, I want to say on behalf of the Brotherhood of Locomotive Firemen and Enginemen—and I believe the same to be true of the other railway labor organizations—that if the same degree of cooperation will be forthcoming from management as may be confidently expected from railroad labor, prosecution of our war program will be carried out with the highest degree of efficiency that has ever been known in the history of the railroads.

Our brotherhood was organized December 1, 1873—more than 68 years ago. In those pioneer days of railroading the cost of life insurance for a locomotive fireman was prohibitive because of the hazards of the employment. There were many accidents and many lives lost, and practically the only financial relief that was afforded to the widows and orphans came from funds raised by collections among fellow workers. One of the purposes for which we were organized was to provide some permanent means of relief in case of death or accident. The organization grew and expanded with the growth of the railroads on the American Continent until today, with its 100,000 members, it is recognized on practically every railroad in the United States and Canada.

All down through the years that our brotherhood has been in existence we have maintained our own insurance department and have provided insurance for our members at cost far below that at which they could secure it from other sources. This was made possible by reason of the fact that our insurance is administered by the officers of the brotherhood and is not operated for profit. The members pay their insurance assessments along with their union dues, and a full and complete accounting of all receipts and dis-

bursements in every department is made to the membership each month through the columns of our magazine. A financial report is also furnished all local lodges each quarter. At the end of each year our accounts are audited by certified accountants, and a copy of the audit is furnished each officer and each lodge of the brotherhood for the information of the membership. A complete financial statement is also furnished, as a part of the report of the officers, to each international convention of the brotherhood. Our brotherhood consists of 936 lodges located at various points on the railroads throughout the United States and Canada.

From the date of organization to November 30, 1941, we have disbursed in death, disability, and benevolent allowances \$76,296,578.01. For the same character of claims we are currently disbursing among our members more than \$200,000 per month. In life insurance alone we have ninety-two and one-half million dollars in force among our members. Only members of our brotherhood are eligible to participate in our insurance departments.

This information regarding the insurance departments of our brotherhood is given in order to show that a very great portion of our assets represent trust funds of our insurance departments and that any attempt to create the impression that the entire assets of our brotherhood are available and may be used for other purposes is wholly unwarranted.

Our 1941 financial audit is not quite completed, but our balance sheet for the quarter ending September 30, 1941, shows total assets of \$25,975,959.98, with a surplus over liabilities of \$25,237,993.65. There were contained in this surplus beneficiary and mutual-insurance trust funds alone in the amount of \$24,123,604.83, leaving a balance of \$1,114,388.82 available for other purposes.

I should here like to refer briefly to the inference of disloyalty which the committee's report, according to the Washington press, seems to cast upon organized labor, with specific reference to the Brotherhood of Locomotive Firemen and Enginemen.

When Canada entered the first World War and our members were being called and volunteering for service in the armed forces, the Brotherhood of Locomotive Firemen and Enginemen decided, as a matter of policy, that it would pay the insurance assessments and union dues of every member who entered the armed forces of his country. The same policy prevailed when the United States entered the first World War. To meet this obligation a monthly assessment was levied on every member who was not in the service of his country. Of the several thousand members who entered the armed forces of the United States and Canada, 361 lost their lives, and we paid to their beneficiaries \$453,000, in addition to the amount involved in the payment of their insurance assessments and union dues while they were in the service.

A similar policy was adopted by our brotherhood when Canada entered the present war, and is now in effect for all members of our brotherhood in the United States and Canada who have volunteered or have been inducted into the armed forces of their country. Already we have approximately 1,000 men in the armed forces, almost equally divided as between the United States and Canada. These members will have no cause to worry about their insurance and membership in our brotherhood while they are serving their country. The brotherhood will take care of that. As to those members who may make the supreme sacrifice, their insurance will be paid in full to their beneficiaries out of the \$25,000,000 that has been so disparagingly paraded before the public through the Washington press.

If this be disloyalty, may I ask—in all fairness and in the name of a labor organization that for 68 years has relieved society of the

financial burden and responsibility of caring for its disabled members and for the widows and orphans of those who lost their lives in the service of the railroads—what is loyalty?

Yours very truly,

D B ROBERTSON.

EXTENSION OF REMARKS

Mr. DIRKSEN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

The SPEAKER. Is there objection?

There was no objection.

Mr. MURRAY. Mr. Speaker, I make the same request.

The SPEAKER. Is there objection?

There was no objection.

Mr. WIGGLESWORTH. Mr. Speaker, I make the same request, and to include a table and two letters and excerpts from the hearings on the bill.

The SPEAKER. Is there objection?

There was no objection.

Mr. DITTER. Mr. Speaker, I ask unanimous consent to extend my remarks.

The SPEAKER. Is there objection?

There was no objection.

Mr. BENDER. Mr. Speaker, I make the same request.

The SPEAKER. Is there objection?

There was no objection.

Mr. HULL. Mr. Speaker, I make the same request.

The SPEAKER. Is there objection?

There was no objection.

FARM PRICES

The SPEAKER. Under previous order of the House, the gentleman from Wisconsin [Mr. JOHNS] is recognized for 10 minutes.

Mr. JOHNS. Mr. Speaker, the hour is late and I do not want to take up too much time, but I do want to call attention to a matter that was brought to my attention by an article appearing in a newspaper on January 20. I was rather surprised in glancing over the Times-Herald for January 20, to find the following article reported by the International News Service under a New York date line, purporting to be an interview with Mr. Thomas D. Campbell, of Hardin, Mont., reputed to be one of the world's greatest wheat growers. The article is headed "Wheat king assails farm bloc stand." It reads as follows:

Thomas D. Campbell, of Hardin, Mont., one of the world's greatest wheat growers, today issued a statement assailing the "selfish and arrogant" attitude of some leaders of the farm bloc who are opposing price-fixing for agricultural products.

"Present prices are very satisfactory and profitable to the producer," said Campbell. "Some are even too high and almost beyond the consumer's ability to pay." Most of the farmers in the United States, in contrast to the "selfish and arrogant" group, stand "with our President in his war program and strategy," said Campbell.

Mr. STEVENSON. Mr. Speaker, will the gentleman yield?

Mr. JOHNS. I yield.

Mr. STEVENSON. I wonder if this is not the same gentleman by the name of Campbell who, during the early days of the present administration, is reputed to have leased many thousands of acres of Indian lands in the West at about 50 cents an acre and then received from the A. A. A. approximately \$2 an acre for

ing a large number of persons in the various States, counties and cities, but that some one may be designated as an agent or representative of the agency here in Washington; it may be the Price Administration, or it may be the W. P. B., or whatever the authority here may be. They will be brought into the Federal set-up. They will get no compensation, but they will be expected to perform certain duties in regard to the observance of the rationing provisions of any order regarding automobiles or tires. It is my information that no paid employees are to be brought into the Federal service in any of the small towns or counties, or even the larger ones, to enforce the tire-rationing regulation, but that that is to be done, in part at least, through the men and women who have been selected under the Civilian Defense program. They get no compensation.

It was testified the other day before the conference committee on the price-control bill that many of these persons get no compensation, and that no State set-up of paid persons is to be created for the purpose of carrying out even the provisions of the price-control act, although regions will be set up for that purpose. Any of these persons who are serving the country without pay, but who happen to be members of some committee, would be technically violating the law, would they not?

Mr. O'MAHONEY. Exactly; and let me also say that the sentence immediately preceding the one I have read is, I think, sufficient guaranty that there shall be no violation of the intent and purposes of the Hatch Act. That sentence reads as follows:

It shall be unlawful for any person employed in the executive branch of the Federal Government, or any agency or department thereof, to use his official authority or influence for the purpose of interfering with an election or affecting the result thereof.

That sentence is not affected by this amendment. All the committee had in mind when it brought in this amendment was that we are accepting the services of all the citizens of the United States in this war effort, and we ought to do so. We are making no limitations of any kind or character. We have just adopted a provision which extends the right of citizenship to aliens who are under age, who may not be able to read and write the English language, so long as they serve in the war effort. To say that because a man happens to be a member of a town committee or a local committee or a State committee of the Democratic Party or the Republican Party or any other party, he is by that fact disqualified from serving his country, seems to me to be nothing short of absurd.

Mr. CHAVEZ and Mr. BROWN addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Wyoming yield, and, if so, to whom?

Mr. O'MAHONEY. The Senator from New Mexico has been endeavoring to get the floor. I yield first to him.

Mr. CHAVEZ. Mr. President, I believe I can agree with everything the Senator from Kentucky has said and everything the Senator from Wyoming

has said. That was one of the reasons I voted against the Hatch Act, and I would vote against it again. I am not worried about the particular section of the pending bill that the Senator from Kentucky and the Senator from Wyoming have in mind; but why should we allow the national committeeman of any particular party—our party or the other party—to come to Washington, work for a dollar a year, and then go back in December and be exempt from the Hatch law, while the poor little fellow is not exempt? Why should the national committeeman of any particular party, be he Democrat or Republican, come to Washington and work for a dollar a year, and say, "No; I will not resign the national committeemanship"? Is there any particular reason why he should be exempt under this proposed law, while the poor little fellow who works in the post office may not express his opinion?

That is what I object to. I do not see any particular reason for that.

Mr. O'MAHONEY. Of course, as the Senator well knows, the poor little fellow who works in the post office may express his opinion under the Hatch Act. He was expressly exempted.

Mr. CHAVEZ. Would the national committeeman of any party, if he had a dollar-a-year job in Washington, be exempt under this language?

Mr. O'MAHONEY. Not at all if he is not a part-time employee. If a member of a national committee or a State committee or a county committee comes to Washington and gives all his time to the Federal Government as a dollar-a-year man or otherwise, he is thereby covered, and this amendment does not exempt him.

Mr. BROWN. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield to the Senator from Michigan.

Mr. BROWN. I do not object to the exemption of air-raid wardens and persons in that classification who volunteer for services of that kind in connection with the Government of the United States, but I think the very class of persons to whom the majority leader referred—the members of the local draft boards and of the appeal boards—certainly should not be connected with any political-party management. The Senator from Wyoming is right when he says that the prohibition from which he seeks to exempt these particular persons is not a prohibition against speaking in a political campaign or marching in a parade, as we discussed here at considerable length at the time we were considering the Hatch Act. It is against active participation in the management of a political campaign.

I do not think the chairman of the Democratic Party in Mackinac County, Mich., where I live, should be a member of the local draft board. I do not think any precinct committeeman of my party or of the Republican Party should be a member of the local draft board or of the appeal board. I think that if we are to eliminate political activity on the part of all the citizens who are covered by the law—all who are remotely connected with the Federal Government, all

who are remotely connected with the State government—certainly there are two classes that have been mentioned this afternoon that we should entirely remove from political activity. One class comprises the local draft boards and the appeal boards and all persons connected with the Selective Service Act in any manner whatever. Second, I think we ought to make certain that none of the so-called dollar-a-year men, none of the men who come to Washington and work half of the time or three-quarters of the time for the Federal Government for a dollar a year or \$10,000 a year, whether or not they get \$75,000 a year from the corporations with which they are still connected, shall be exempted from the provisions of the Hatch Act.

How far have we gone in the Hatch Act? I think Senators did not recognize, when the bill was passed, just what it did. It does not let the streetcar conductors on the streetcar system in the city of Detroit which has a loan from the Federal Government participate in politics. It does not let the little fellow who runs an engine in a powerhouse owned by a municipality, which has a loan from the Federal Government, participate in any way in politics. Are we to exclude that class of persons and then permit many persons who are connected with the O. P. M., who have been heretofore connected with corporations and who still draw their salaries, participate in politics, while the streetcar conductor cannot do so?

Furthermore, we say to the professor in the University of Michigan, which gets a little money from some Federal vocational fund—it may be only \$1 in a \$6,000 salary that could be attributed to the funds of the United States Government—that he may not participate in the management of a political campaign. That is how far we have gone. If we go that far with respect to the class of citizens I have mentioned, then certainly the dollar-a-year man who is in Washington, certainly the chairmen of the political communities in the smaller communities, should not be on the draft boards. I do not know of any activity from which it is more important that men totally disconnected from politics should stay away than service on the draft boards. Therefore I support the amendment offered by the Senator from Iowa.

Every Member of the Senate knows that in 1938 the Senator from Iowa fully investigated the campaigns which were carried on at that time. I happened to be chairman of the Democratic senatorial campaign committee at that time, and he investigated me; but I am still a Member of the Senate.

The Senator from Iowa knows the situation, and I doubt that the Senator from Wyoming and members of the Committee on the Judiciary are as familiar with the general subject matter as is the Senator from Iowa.

I have just been looking over the bill. A hasty summary of it indicates that it is a bill which in the ordinary course of procedure should have gone to the Committee on Interstate Commerce, the Committee on Banking and Currency, and the

Committee on Privileges and Elections, the Committee on Commerce, and the Committee on Post Offices and Post Roads, because it covers subjects which are ordinarily assigned to those committees.

It is my view that, because of the fact that the Committee on the Judiciary has brought in a bill which ordinarily would have gone, in the division of its subject matters, to several other committees of the Senate, the Senator from Wyoming should be quite willing to accept suggestions from those like the Senator from Iowa, who are very familiar with the situation in this particular case. I shall bring that argument up a little later in connection with another proposition.

Mr. O'MAHONEY. Mr. President, will the Senator from Michigan yield?

Mr. BROWN. I yield.

Mr. O'MAHONEY. The Senator implies that the Senator in charge of the bill is perhaps not familiar with the subject matter involved in the pending amendment. Let me say to the Senator that prior to the activity of the Senator from Iowa on the campaign investigating committee, I had the misfortune to be required to serve on a similar committee. I served on that committee, and in fact I served upon the committee which reported and recommended the provision which excluded political activity from the W. P. A. I am familiar with the subject, and I am also familiar with political activities, and I know that 99.99 percent of the political committee members in this country are just as clean as the committeeman from Michigan was. I am very glad to give testimony to my high respect for the Senator from Michigan. I know that he is an honor to his State, an honor to his profession, and he is an honor also to the calling of a politician. I have become utterly out of patience with the continuous charge that politicians must, somehow or other, be persons of low ethical standards, low moral standards; that what they touch may be seared. I know that is not true.

I know that some of the greatest men we have ever had in our history have voluntarily adopted political careers. As a matter of fact, on the 30th of January, we are to celebrate the birthday anniversary of a distinguished President of this country who voluntarily chose to adopt a political career. I know that, so far as I myself am concerned, there has never been a time since I had the intelligence to read and the intelligence to understand that I have not been interested in politics, and actively associated with politics, whenever my friends and neighbors would permit me to be.

Now when we are in the greatest war our democracy has ever undertaken I feel that we should be willing to invite the cooperation of everyone, and whether he happens to be a member of a political committee or not, to my mind, makes no difference at all. In the prosecution of the war I am as ready to accept the cooperation of a politician as of an alien, and I think it is utterly unsound and unwise to yield to all this clamor about politics, and to say, "If you desire to serve as an air warden, or on a retiring

board, or a selective service board, or contribute your service otherwise, you must ipso facto cut yourself off from political committees."

Mr. President, one of the desirable effects of the adoption of the pending proposal will be to bring local people in and to keep them in the war effort. This country will profit more by lodging authority in the hands of politicians in the local communities, in towns, in counties, in States, than by having all the authority concentrated, as I sometimes think it is being concentrated. Let us not be afraid of dealing with the actualities. If any person, a dollar-a-year man or any other, violates any of the proprieties or ethics which should be followed, it will soon be found out. Let us not run like scared children before the wind. That is all I care to say.

Mr. BROWN. Mr. President, everything the Senator from Wyoming has said meets with my full and complete agreement. Everything he has said is an argument against the Hatch Act in its entirety. What I am protesting against is the exclusion from the provisions of the Hatch Act of two classes of persons whose political activity would be more dangerous than that of any other class of which I know in connection with pernicious political activity.

Mr. BARKLEY. Mr. President, obviously we cannot conclude the consideration of the bill today, as there will be further discussion of the pending amendment.

Mr. O'MAHONEY. I thought we were about to get a vote on the amendment.

Mr. BARKLEY. One or two other Senators have indicated they desire to speak on it, and I do not want to hold the Senate longer.

Mr. CLARK of Missouri. Mr. President, I wish to enter a motion to reconsider the vote by which the committee amendment, on lines 11 and 12, page 13, was agreed to, the amendment reading: and (3) the petition shall be filed not later than 1 year after the termination of the present war.

The PRESIDING OFFICER. The motion will be entered.

Mr. CLARK of Missouri. I also desire to give notice of an amendment I propose to offer, on page 20, line 11, beginning after the word "only", to strike out the remainder of the line, and all the words in line 12, and the first three words in line 13, and to insert in lieu thereof "until January 31, 1944."

The PRESIDING OFFICER. The amendment will be received.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Swanson, one of its clerks, announced that the House had agreed to the amendments of the Senate to the bill (H. R. 5591) to amend the District of Columbia Revenue Act of 1939, and for other purposes.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill

(H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

PRICE CONTROL—CONFERENCE REPORT

Mr. BROWN submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"TITLE I—GENERAL PROVISIONS AND AUTHORITY

"PURPOSES; TIME LIMIT; APPLICABILITY

"SECTION 1. (a) It is hereby declared to be in the interest of the national defense and security and necessary to the effective prosecution of the present war, and the purposes of this Act are, to stabilize prices and to prevent speculative, unwarranted, and abnormal increases in prices and rents; to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities caused by or contributing to the national emergency; to assure that defense appropriations are not dissipated by excessive prices; to protect persons with relatively fixed and limited incomes, consumers, wage earners, investors, and persons dependent on life insurance, annuities and pensions, from undue impairment of their standard of living; to prevent hardships to persons engaged in business, to schools, universities, and other institutions, and to the Federal, State, and local governments, which would result from abnormal increases in prices; to assist in securing adequate production of commodities and facilities; to prevent a post emergency collapse of values; to stabilize agricultural prices in the manner provided in section 3; and to permit voluntary cooperation between the Government and producers, processors, and others to accomplish the aforesaid purposes. It shall be the policy of those departments and agencies of the Government dealing with wages (including the Department of Labor and its various bureaus, the War Department, the Navy Department, the War Production Board, the National Labor Relations Board, the National Mediation Board, the National War Labor Board, and others heretofore or hereafter created), within the limits of their authority and jurisdiction, to work toward a stabilization of prices, fair and equitable wages, and cost of production.

"(b) The provisions of this Act, and all regulations, orders, price schedules, and requirements thereunder, shall terminate on June 30, 1943, or upon the date of a proclamation by the President, or upon the date specified in a concurrent resolution by the two Houses of the Congress, declaring that the further continuance of the authority granted by this Act is not necessary in the interest of the national defense and security, whichever date is the earlier; except that as to offenses committed, or rights or liabilities incurred, prior to such termination date, the provisions of this Act and such regulations, orders, price schedules, and requirements shall be treated as still remaining in force for the purpose of sustaining any proper

sult, action, or prosecution with respect to any such right, liability, or offense.

"(c) The provisions of this Act shall be applicable to the United States, its Territories and possessions, and the District of Columbia.

"PRICES, RENTS, AND MARKET AND RENTING PRACTICES

"Sec. 2. (a) Whenever in the judgment of the Price Administrator (provided for in section 201) the price or prices of a commodity or commodities have risen or threaten to rise to an extent or in a manner inconsistent with the purposes of this Act, he may by regulation or order establish such maximum price or maximum prices as in his judgment will be generally fair and equitable and will effectuate the purposes of this Act. So far as practicable, in establishing any maximum price, the Administrator shall ascertain and give due consideration to the prices prevailing between October 1 and October 15, 1941 (or if, in the case of any commodity, there are no prevailing prices between such dates, or the prevailing prices between such dates are not generally representative because of abnormal or seasonal market conditions or other cause, then to the prices prevailing during the nearest two-week period in which, in the judgment of the Administrator, the prices for such commodity are generally representative), for the commodity or commodities included under such regulation or order, and shall make adjustments for such relevant factors as he may determine and deem to be of general applicability, including the following: Speculative fluctuations, general increases or decreases in costs of production, distribution, and transportation, and general increases or decreases in profits earned by sellers of the commodity or commodities, during and subsequent to the year ended October 1, 1941. Every regulation or order issued under the foregoing provisions of this subsection shall be accompanied by a statement of the considerations involved in the issuance of such regulation or order. As used in the foregoing provisions of this subsection, the term 'regulation or order' means a regulation or order of general applicability and effect. Before issuing any regulation or order under the foregoing provisions of this subsection, the Administrator shall, so far as practicable, advise and consult with representative members of the industry which will be affected by such regulation or order. In the case of any commodity for which a maximum price has been established, the Administrator shall, at the request of any substantial portion of the industry subject to such maximum price, regulation, or order of the Administrator, appoint an industry advisory committee, or committees, either national or regional or both, consisting of such number of representatives of the industry as may be necessary in order to constitute a committee truly representative of the industry, or of the industry in such region, as the case may be. The committee shall select a chairman from among its members, and shall meet at the call of the chairman. The Administrator shall from time to time, at the request of the committee, advise and consult with the committee with respect to the regulation or order, and with respect to the form thereof, and classifications, differentiations, and adjustments therein. The committee may make such recommendations to the Administrator as it deems advisable. Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this Act, he may, without regard to the foregoing provisions of this subsection, issue temporary regulations or orders establishing as a maximum price or maximum prices the price or prices prevailing with respect to any commodity or commodities within five days prior to the date of issuance of such temporary regulations or orders; but any such temporary regulation or order shall be effective for not more than

sixty days, and may be replaced by a regulation or order issued under the foregoing provisions of this subsection.

"(b) Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this Act, he shall issue a declaration setting forth the necessity for, and recommendations with reference to, the stabilization or reduction of rents for any defense-area housing accommodations within a particular defense-rental area. If within sixty days after the issuance of any such recommendations rents for any such accommodations within such defense-rental area have not in the judgment of the Administrator been stabilized or reduced by State or local regulation, or otherwise, in accordance with the recommendations, the Administrator may by regulation or order establish such maximum rent or maximum rents for such accommodations as in his judgment will be generally fair and equitable and will effectuate the purposes of this Act. So far as practicable, in establishing any maximum rent for any defense-area housing accommodations, the Administrator shall ascertain and give due consideration to the rents prevailing for such accommodations, or comparable accommodations, on or about April 1, 1941 (or if, prior or subsequent to April 1, 1941, defense activities shall have resulted or threatened to result in increases in rents for housing accommodations in such area inconsistent with the purposes of this Act, then on or about a date (not earlier than April 1, 1940), which in the judgment of the Administrator, does not reflect such increases), and he shall make adjustments for such relevant factors as he may determine and deem to be of general applicability in respect of such accommodations, including increases or decreases in property taxes and other costs. In designating defense-rental areas, in prescribing regulations and orders establishing maximum rents for such accommodations, and in selecting persons to administer such regulations and orders, the Administrator shall, to such extent as he determines to be practicable, consider any recommendations which may be made by State and local officials concerned with housing or rental conditions in any defense-rental area.

"(c) Any regulation or order under this section may be established in such form and manner, may contain such classifications and differentiations, and may provide for such adjustments and reasonable exceptions, as in the judgment of the Administrator are necessary or proper in order to effectuate the purposes of this Act. Any regulation or order under this section which establishes a maximum price or maximum rent may provide for a maximum price or maximum rent below the price or prices prevailing for the commodity or commodities, or below the rent or rents prevailing for the defense-area housing accommodations, at the time of the issuance of such regulation or order.

"(d) Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this Act, he may, by regulation or order, regulate or prohibit speculative or manipulative practices (including practices relating to changes in form or quality) or hoarding, in connection with any commodity, and speculative or manipulative practices or renting or leasing practices (including practices relating to recovery of the possession) in connection with any defense-area housing accommodations, which in his judgment are equivalent to or are likely to result in price or rent increases, as the case may be, inconsistent with the purposes of this Act.

"(e) Whenever the Administrator determines that the maximum necessary production of any commodity is not being obtained or may not be obtained during the ensuing year, he may, on behalf of the United States, without regard to the provisions of law re-

quiring competitive bidding, buy or sell at public or private sale, or store or use, such commodity in such quantities and in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production thereof or otherwise to supply the demand therefor, or make subsidy payments to domestic producers of such commodity in such amounts and in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production thereof: *Provided*, That in the case of any commodity which has heretofore or may hereafter be defined as a strategic or critical material by the President pursuant to section 5d of the Reconstruction Finance Corporation Act, as amended, such determinations shall be made by the Federal Loan Administrator, with the approval of the President, and, notwithstanding any other provision of this Act or of any existing law, such commodity may be bought or sold, or stored or used, and such subsidy payments to domestic producers thereof may be paid, only by corporations created or organized pursuant to such section 5d; except that in the case of the sale of any commodity by any such corporation, the sale price therefor shall not exceed any maximum price established pursuant to subsection (a) of this section which is applicable to such commodity at the time of sale or delivery, but such sale price may be below such maximum price or below the purchase price of such commodity, and the Administrator may make recommendations with respect to the buying or selling, or storage or use, of any such commodity. In any case in which a commodity is domestically produced, the powers granted to the Administrator by this subsection shall be exercised with respect to importations of such commodity only to the extent that, in the judgment of the Administrator, the domestic production of the commodity is not sufficient to satisfy the demand therefor. Nothing in this section shall be construed to modify, suspend, amend, or supersede any provision of the Tariff Act of 1930, as amended, and nothing in this section, or in any existing law, shall be construed to authorize any sale or other disposition of any agricultural commodity contrary to the provisions of the Agricultural Adjustment Act of 1938, as amended, or to authorize the Administrator to prohibit trading in any agricultural commodity for future delivery if such trading is subject to the provisions of the Commodity Exchange Act, as amended.

"(f) No power conferred by this section shall be construed to authorize any action contrary to the provisions and purposes of section 3, and no agricultural commodity shall be sold within the United States pursuant to the provisions of this section by any governmental agency at a price below the price limitations imposed by section 3 (a) of this Act with respect to such commodity.

"(g) Regulations, orders, and requirements under this Act may contain such provisions as the Administrator deems necessary to prevent the circumvention or evasion thereof.

"(h) The powers granted in this section shall not be used or made to operate to compel changes in the business practices, cost practices or methods, or means or aids to distribution, established in any industry, except to prevent circumvention or evasion of any regulation, order, price schedule, or requirement under this Act.

"(i) No maximum price shall be established for any fishery commodity below the average price of such commodity in the year 1941.

"AGRICULTURAL COMMODITIES

"Sec. 3. (a) No maximum price shall be established or maintained for any agricultural commodity below the highest of any of the following prices, as determined and published by the Secretary of Agriculture: (1) 110 per centum of the parity price for

such commodity, adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or, in case a comparable price has been determined for such commodity under subsection (b), 110 per centum of such comparable price, adjusted in the same manner, in lieu of 110 per centum of the parity price so adjusted; (2) the market price prevailing for such commodity on October 1, 1941; (3) the market price prevailing for such commodity on December 15, 1941; or (4) the average price for such commodity during the period July 1, 1919, to June 30, 1929.

"(b) For the purposes of this Act, parity prices shall be determined and published by the Secretary of Agriculture as authorized by law. In the case of any agricultural commodity other than the basic crops corn, wheat, cotton, rice, tobacco, and peanuts, the Secretary shall determine and publish a comparable price whenever he finds, after investigation and public hearing, that the production and consumption of such commodity has so changed in extent or character since the base period as to result in a price out of line with parity prices for basic commodities.

"(c) No maximum price shall be established or maintained for any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the highest price therefor specified in subsection (a).

"(d) Nothing contained in this Act shall be construed to modify, repeal, supersede, or affect the provisions of the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of such Act.

"(e) Notwithstanding any other provision of this or any other law, no action shall be taken under this Act by the Administrator or any other person with respect to any agricultural commodity without the prior approval of the Secretary of Agriculture; except that the Administrator may take such action as may be necessary under section 202 and section 205 (a) and (b) to enforce compliance with any regulation, order, price schedule or other requirement with respect to an agricultural commodity which has been previously approved by the Secretary of Agriculture.

"(f) No provision of this Act or of any existing law shall be construed to authorize any action contrary to the provisions and purposes of this section.

"PROHIBITIONS

"Sec. 4. (a) It shall be unlawful, regardless of any contract, agreement, lease, or other obligation heretofore or hereafter entered into, for any person to sell or deliver any commodity, or in the course of trade or business to buy or receive any commodity, or to demand or receive any rent for any defense-area housing accommodations, or otherwise to do or omit to do any act, in violation of any regulation or order under section 2, or of any price schedule effective in accordance with the provisions of section 206, or of any regulation, order, or requirement under section 202 (b) or section 205 (f), or to offer, solicit, attempt, or agree to do any of the foregoing.

"(b) It shall be unlawful for any person to remove or attempt to remove from any defense-area housing accommodations, the tenant or occupant thereof or to refuse to renew the lease or agreement for the use of such accommodations, because such tenant or occupant has taken, or proposes to take, action authorized or required by this Act or any regulation, order, or requirement thereunder.

"(c) It shall be unlawful for any officer or employee of the Government, or for any adviser or consultant to the Administrator in his official capacity, to disclose, otherwise than in the course of official duty, any information obtained under this Act, or to use any such information, for personal benefit.

"(d) Nothing in this Act shall be construed to require any person to sell any commodity or to offer any accommodations for rent.

"VOLUNTARY AGREEMENTS

"Sec. 5. In carrying out the provisions of this Act, the Administrator is authorized to confer with producers, processors, manufacturers, retailers, wholesalers, and other groups having to do with commodities, and with representatives and associations thereof, to cooperate with any agency or person, and to enter into voluntary arrangements or agreements with any such persons, groups, or associations relating to the fixing of maximum prices, the issuance of other regulations or orders, or the other purposes of this Act, but no such arrangement or agreement shall modify any regulation, order, or price schedule previously issued which is effective in accordance with the provisions of section 2 or section 206. The Attorney General shall be promptly furnished with a copy of each such arrangement or agreement.

"TITLE II—ADMINISTRATION AND ENFORCEMENT "ADMINISTRATION

"Sec. 201. (a) There is hereby created an Office of Price Administration, which shall be under the direction of a Price Administrator (referred to in this Act as the 'Administrator'). The Administrator shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of \$12,000 per annum. The Administrator may, subject to the civil-service laws, appoint such employees as he deems necessary in order to carry out his functions and duties under this Act, and shall fix their compensation in accordance with the Classification Act of 1923, as amended. The Administrator may utilize the services of Federal, State, and local agencies and may utilize and establish such regional, local, or other agencies, and utilize such voluntary and uncompensated services, as may from time to time be needed. Attorneys appointed under this section may appear for and represent the Administrator in any case in any court. In the appointment, selection, classification, and promotion of officers and employees of the Office of Price Administration, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency.

"(b) The principal office of the Administrator shall be in the District of Columbia, but he or any duly authorized representative may exercise any or all of his powers in any place. The President is authorized to transfer any of the powers and functions conferred by this Act upon the Office of Price Administration with respect to a particular commodity or commodities to any other department or agency of the Government having other functions relating to such commodity or commodities, and to transfer to the Office of Price Administration any of the powers and functions relating to priorities or rationing conferred by law upon any other department or agency of the Government with respect to any particular commodity or commodities; but, notwithstanding any provision of this or any other law, no powers or functions conferred by law upon the Secretary of Agriculture shall be transferred to the Office of Price Administration or to the Administrator, and no powers or functions conferred by law upon any other department or agency of the Government with respect to any agricultural commodity, except powers and functions relating to priorities or rationing, shall be so transferred.

"(c) The Administrator shall have authority to make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere; for lawbooks and books of reference; and for paper, printing, and binding) as he may deem necessary for the administration and enforcement of this Act. The provisions of section 3709 of the Revised Statutes shall not apply to the purchase of supplies and services by the Administrator where the aggregate amount involved does not exceed \$250.

"(d) The Administrator may, from time to time, issue such regulations and orders as he may deem necessary or proper in order to carry out the purposes and provisions of this Act.

"INVESTIGATIONS; RECORDS; REPORTS

"Sec. 202. (a) The Administrator is authorized to make such studies and investigations and to obtain such information as he deems necessary or proper to assist him in prescribing any regulation or order under this Act, or in the administration and enforcement of this Act and regulations, orders, and price schedules thereunder.

"(b) The Administrator is further authorized, by regulation or order, to require any person who is engaged in the business of dealing with any commodity, or who rents or offers for rent or acts as broker or agent for the rental of any housing accommodations, to furnish any such information under oath or affirmation or otherwise, to make and keep records and other documents, and to make reports, and he may require any such person to permit the inspection and copying of records and other documents, the inspection of inventories, and the inspection of defense-area housing accommodations. The Administrator may administer oaths and affirmations and may, whenever necessary, by subpoena require any such person to appear and testify or to appear and produce documents, or both, at any designated place.

"(c) For the purpose of obtaining any information under subsection (a), the Administrator may by subpoena require any other person to appear and testify or to appear and produce documents, or both, at any designated place.

"(d) The production of a person's documents at any place other than his place of business shall not be required under this section in any case in which, prior to the return date specified in the subpoena issued with respect thereto, such person either has furnished the Administrator with a copy of such documents (certified by such person under oath to be a true and correct copy), or has entered into a stipulation with the Administrator as to the information contained in such documents.

"(e) In case of contumacy by, or refusal to obey a subpoena served upon, any person referred to in subsection (c), the district court for any district in which such person is found or resides or transacts business, upon application by the Administrator, shall have jurisdiction to issue an order requiring such person to appear and give testimony or to appear and produce documents, or both; and any failure to obey such order of the court may be punished by such court as a contempt thereof. The provisions of this subsection shall also apply to any person referred to in subsection (b), and shall be in addition to the provisions of section 4 (a).

"(f) Witnesses subpoenaed under this section shall be paid the same fees and mileage as are paid witnesses in the district courts of the United States.

"(g) No person shall be excused from complying with any requirements under this section because of his privilege against self-incrimination, but the immunity provisions of the Compulsory Testimony Act of February 11, 1893 (U. S. C., 1934 edition, title 49, sec. 46), shall apply with respect to any individual who specifically claims such privilege.

"(h) The Administrator shall not publish or disclose any information obtained under this Act that such Administrator deems confidential or with reference to which a request for confidential treatment is made by the person furnishing such information, unless he determines that the withholding thereof is contrary to the interest of the national defense and security.

"PROCEDURE

"Sec. 203. (a) Within a period of sixty days after the issuance of any regulation or order under section 2, or in the case of a price schedule, within a period of sixty days after the effective date thereof specified in section 206, any person subject to any provision of such regulation, order, or price schedule may, in accordance with regulations to be prescribed by the Administrator, file a protest specifically setting forth objections to any such provision and affidavits or other written evidence in support of such objections. At any time after the expiration of such sixty days any person subject to any provision of such regulation, order, or price schedule may file such a protest based solely on grounds arising after the expiration of such sixty days. Statements in support of any such regulation, order, or price schedule may be received and incorporated in the transcript of the proceedings at such times and in accordance with such regulations as may be prescribed by the Administrator. Within a reasonable time after the filing of any protest under this subsection, but in no event more than thirty days after such filing or ninety days after the issuance of the regulation or order (or in the case of a price schedule, ninety days after the effective date thereof specified in section 206) in respect of which the protest is filed, whichever occurs later, the Administrator shall either grant or deny such protest in whole or in part, notice such protest for hearing, or provide an opportunity to present further evidence in connection therewith. In the event that the Administrator denies any such protest in whole or in part, he shall inform the protestant of the grounds upon which such decision is based, and of any economic data and other facts of which the Administrator has taken official notice.

"(b) In the administration of this Act the Administrator may take official notice of economic data and other facts, including facts found by him as a result of action taken under section 202.

"(c) Any proceedings under this section may be limited by the Administrator to the filing of affidavits, or other written evidence, and the filing of briefs.

"REVIEW

"Sec. 204. (a) Any person who is aggrieved by the denial or partial denial of his protest may, within thirty days after such denial, file a complaint with the Emergency Court of Appeals, created pursuant to subsection (c), specifying his objections and praying that the regulation, order, or price schedule protested be enjoined or set aside in whole or in part. A copy of such complaint shall forthwith be served on the Administrator, who shall certify and file with such court a transcript of such portions of the proceedings in connection with the protest as are material under the complaint. Such transcript shall include a statement setting forth, so far as practicable, the economic data and other facts of which the Administrator has taken official notice. Upon the filing of such complaint the court shall have exclusive jurisdiction to set aside such regulation, order, or price schedule, in whole or in part, to dismiss the complaint, or to remand the proceeding: *Provided*, That the regulation, order, or price schedule may be modified or rescinded by the Administrator at any time notwithstanding the pendency of such complaint. No objection to such regulation, order, or price schedule, and no evidence in

support of any objection thereto, shall be considered by the court, unless such objection shall have been set forth by the complainant in the protest or such evidence shall be contained in the transcript. If application is made to the court by either party for leave to introduce additional evidence which was either offered to the Administrator and not admitted, or which could not reasonably have been offered to the Administrator or included by the Administrator in such proceedings, and the court determines that such evidence should be admitted, the court shall order the evidence to be presented to the Administrator. The Administrator shall promptly receive the same, and such other evidence as he deems necessary or proper, and thereupon he shall certify and file with the court a transcript thereof and any modification made in the regulation, order, or price schedule as a result thereof; except that on request by the Administrator, any such evidence shall be presented directly to the court.

"(b) No such regulation, order, or price schedule shall be enjoined or set aside, in whole or in part, unless the complainant establishes to the satisfaction of the court that the regulation, order, or price schedule is not in accordance with law, or is arbitrary or capricious. The effectiveness of a judgment of the court enjoining or setting aside, in whole or in part, any such regulation, order, or price schedule shall be postponed until the expiration of thirty days from the entry thereof, except that if a petition for a writ of certiorari is filed with the Supreme Court under subsection (d) within such thirty days, the effectiveness of such judgment shall be postponed until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the case by the Supreme Court.

"(c) There is hereby created a court of the United States to be known as the Emergency Court of Appeals, which shall consist of three or more judges to be designated by the Chief Justice of the United States from judges of the United States district courts and circuit courts of appeals. The Chief Justice of the United States shall designate one of such judges as chief judge of the Emergency Court of Appeals, and may, from time to time, designate additional judges for such court and revoke previous designations. The Chief judge may, from time to time, divide the court into divisions of three or more members, and any such division may render judgment as the judgment of the court. The court shall have the powers of a district court with respect to the jurisdiction conferred on it by this Act; except that the court shall not have power to issue any temporary restraining order or interlocutory decree staying or restraining, in whole or in part, the effectiveness of any regulation or order issued under section 2 or any price schedule effective in accordance with the provisions of section 206. The court shall exercise its powers and prescribe rules governing its procedure in such manner as to expedite the determination of cases of which it has jurisdiction under this Act. The court may fix and establish a table of costs and fees to be approved by the Supreme Court of the United States, but the costs and fees so fixed shall not exceed with respect to any item the costs and fees charged in the Supreme Court of the United States. The court shall have a seal, hold sessions at such places as it may specify, and appoint a clerk and such other employees as it deems necessary or proper.

"(d) Within thirty days after entry of a judgment or order, interlocutory or final, by the Emergency Court of Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment or order shall be subject to review by the Supreme Court in the same manner as a judgment of a circuit court of appeals as provided in section 240 of the Judicial Code, as amended (U. S. C.,

1934 edition, title 28, sec. 347). The Supreme Court shall advance on the docket and expedite the disposition of all causes filed therein pursuant to this subsection. The Emergency Court of Appeals, and the Supreme Court upon review of judgments and orders of the Emergency Court of Appeals, shall have exclusive jurisdiction to determine the validity of any regulation or order issued under section 2, of any price schedule effective in accordance with the provisions of section 206, and of any provision of any such regulation, order, or price schedule. Except as provided in this section, no court, Federal, State, or Territorial, shall have jurisdiction or power to consider the validity of any such regulation, order, or price schedule, or to stay, restrain, enjoin, or set aside, in whole or in part, any provision of this Act authorizing the issuance of such regulations or orders, or making effective any such price schedule, or any provision of any such regulation, order, or price schedule, or to restrain or enjoin the enforcement of any such provision.

"ENFORCEMENT

"Sec. 205 (a) Whenever in the judgment of the Administrator any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 4 of this Act, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the Administrator that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

"(b) Any person who willfully violates any provision of section 4 of this Act, and any person who makes any statement or entry false in any material respect in any document or report required to be kept or filed under section 2 or section 202, shall, upon conviction thereof, be subject to a fine of not more than \$5,000, or to imprisonment for not more than two years in the case of a violation of section 4 (c) and for not more than one year in all other cases, or to both such fine and imprisonment. Whenever the Administrator has reason to believe that any person is liable to punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

"(c) The district courts shall have jurisdiction of criminal proceedings for violations of section 4 of this Act, and, concurrently with State and Territorial courts, of all other proceedings under section 205 of this Act. Such criminal proceedings may be brought in any district in which any part of any act or transaction constituting the violation occurred. Except as provided in section 205 (f) (2), such other proceedings may be brought in any district in which any part of any act or transaction constituting the violation occurred, and may also be brought in the district in which the defendant resides or transacts business, and process in such cases may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found. Any such court shall advance on the docket and expedite the disposition of any criminal or other proceedings brought before it under this section. No costs shall be assessed against the Administrator or the United States Government in any proceeding under this Act.

"(d) No person shall be held liable for damages or penalties in any Federal, State, or Territorial court, on any grounds for or in respect of anything done or omitted to be done in good faith pursuant to any provision of this Act or any regulation, order, price schedule, requirement, or agreement thereunder, or under any price schedule of the

Administrator of the Office of Price Administration or of the Administrator of the Office of Price Administration and Civilian Supply, notwithstanding that subsequently such provision, regulation, order, price schedule, requirement, or agreement may be modified, rescinded, or determined to be invalid. In any suit or action wherein a party relies for ground of relief or defense upon this Act or any regulation, order, price schedule, requirement, or agreement thereunder, the court having jurisdiction of such suit or action shall justify such fact to the Administrator. The Administrator may intervene in any such suit or action.

"(e) If any person selling a commodity violates a regulation, order, or price schedule prescribing a maximum price or maximum prices, the person who buys such commodity for use or consumption other than in the course of trade or business may bring an action either for \$50 or for treble the amount by which the consideration exceeded the applicable maximum price, whichever is the greater, plus reasonable attorney's fees and costs as determined by the court. For the purposes of this section the payment or receipt of rent for defense-area housing accommodations shall be deemed the buying or selling of a commodity, as the case may be. If any person selling a commodity violates a regulation, order, or price schedule prescribing a maximum price or maximum prices, and the buyer is not entitled to bring suit or action under this subsection, the Administrator may bring such action under this subsection on behalf of the United States. Any suit or action under this subsection may be brought in any court of competent jurisdiction, and shall be instituted within one year after delivery is completed or rent is paid. The provisions of this subsection shall not take effect until after the expiration of six months from the date of enactment of this Act.

"(f) (1) Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this Act and to assure compliance with and provide for the effective enforcement of any regulation or order issued or which may be issued under section 2, or of any price schedule effective in accordance with the provisions of section 206, he may by regulation or order issue to or require of any person or persons subject to any regulation or order issued under section 2, or subject to any such price schedule, a license as a condition of selling any commodity or commodities with respect to which such regulation, order, or price schedule is applicable. It shall not be necessary for the Administrator to issue a separate license for each commodity or for each regulation, order, or price schedule with respect to which a license is required. No such license shall contain any provision which could not be prescribed by regulation, order, or requirement under section 2 or section 202: *Provided*, That no such license may be required as a condition of selling or distributing (except as waste or scrap) newspapers, periodicals, books, or other printed or written material, or motion pictures, or as a condition of selling radio time: *Provided further*, That no license may be required of any farmer as a condition of selling any agricultural commodity produced by him, and no license may be required of any fisherman as a condition of selling any fishery commodity caught or taken by him: *Provided further*, That in any case in which such a license is required of any person, the Administrator shall not have power to deny to such person a license to sell any commodity or commodities, unless such person already has such a license to sell such commodity or commodities, or unless there is in effect under paragraph (2) of this subsection with respect to such person an order of suspension of a previous license to the extent that such previous license author-

ized such person to sell such commodity or commodities.

"(2) Whenever in the judgment of the Administrator a person has violated any of the provisions of a license issued under this subsection, or has violated any of the provisions of any regulation, order, or requirement under section 2 or section 202 (b), or any of the provisions of any price schedule effective in accordance with the provisions of section 206, which is applicable to such person, a warning notice shall be sent by registered mail to such person. If the Administrator has reason to believe that such person has again violated any of the provisions of such license, regulation, order, price schedule, or requirement after receipt of such warning notice, the Administrator may petition any State or Territorial court of competent jurisdiction, or a district court subject to the limitations hereinafter provided, for an order suspending the license of such person for any period of not more than twelve months. If any such court finds that such person has violated any of the provisions of such license, regulation, order, price schedule, or requirement after the receipt of the warning notice, such court shall issue an order suspending the license to the extent that it authorizes such person to sell the commodity or commodities in connection with which the violation occurred, or to the extent that it authorizes such person to sell any commodity or commodities with respect to which a regulation or order issued under section 2, or a price schedule effective in accordance with the provisions of section 206, is applicable; but no such suspension shall be for a period of more than twelve months. For the purposes of this subsection, any such proceedings for the suspension of a license may be brought in a district court if the licensee is doing business in more than one State, or if his gross sales exceed \$100,000 per annum. Within thirty days after the entry of the judgment or order of any court either suspending a license, or dismissing or denying in whole or in part the Administrator's petition for suspension, an appeal may be taken from such judgment or order in like manner as an appeal may be taken in other cases from a judgment or order of a State, Territorial, or district court, as the case may be. Upon good cause shown, any such order of suspension may be stayed by the appropriate court or any judge thereof in accordance with the applicable practice; and upon written stipulation of the parties to the proceeding for suspension, approved by the trial court, any such order of suspension may be modified, and the license which has been suspended may be restored, upon such terms and conditions as such court shall find reasonable. Any such order of suspension shall be affirmed by the appropriate appellate court if, under the applicable rules of law, the evidence in the record supports a finding that there has been a violation of any provision of such license, regulation, order, price schedule, or requirement after receipt of such warning notice. No proceedings for suspension of a license, and no such suspension, shall confer any immunity from any other provision of this Act.

"SAVING PROVISIONS"

"SEC. 206. Any price schedule establishing a maximum price or maximum prices, issued by the Administrator of the Office of Price Administration or the Administrator of the Office of Price Administration and Civilian Supply, prior to the date upon which the Administrator provided for by section 201 of this Act takes office, shall, from such date, have the same effect as if issued under section 2 of this Act until such price schedule is superseded by action taken pursuant to such section 2. Such price schedules shall be consistent with the standards contained in section 2 and the limitations contained in section 3 of this Act, and shall be subject to

protest and review as provided in section 203 and section 204 of this Act. All such price schedules shall be reprinted in the Federal Register within ten days after the date upon which such Administrator takes office.

"TITLE III—MISCELLANEOUS"

"QUARTERLY REPORT"

"SEC. 301. The Administrator from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act. If the Senate or the House of Representatives is not in session, such reports shall be transmitted to the Secretary of the Senate, or the Clerk of the House of Representatives, as the case may be.

"DEFINITIONS"

"SEC. 302. As used in this Act—

"(a) The term 'sale' includes sales, dispositions, exchanges, leases, and other transfers, and contracts and offers to do any of the foregoing. The terms 'sell', 'selling', 'seller', 'buy', and 'buyer', shall be construed accordingly.

"(b) The term 'price' means the consideration demanded or received in connection with the sale of a commodity.

"(c) The term 'commodity' means commodities, articles, products, and materials (except materials furnished for publication by any press association or feature service, books, magazines, motion pictures, periodicals and newspapers, other than as waste or scrap), and it also includes services rendered otherwise than as an employee in connection with the processing, distribution, storage, installation, repair, or negotiation of purchases or sales of a commodity, or in connection with the operation of any service establishment for the servicing of a commodity: *Provided*, That nothing in this Act shall be construed to authorize the regulation of (1) compensation paid by an employer to any of his employees, or (2) rates charged by any common carrier or other public utility, or (3) rates charged by any person engaged in the business of selling or underwriting insurance, or (4) rates charged by any person engaged in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio-broadcasting station, a motion-picture or other theater enterprise, or outdoor advertising facilities, or (5) rates charged for any professional services.

"(d) The term 'defense-rental area' means the District of Columbia and any area designated by the Administrator as an area where defense activities have resulted or threaten to result in an increase in the rents for housing accommodations inconsistent with the purposes of this Act.

"(e) The term 'defense-area housing accommodations' means housing accommodations within any defense-rental area.

"(f) The term 'housing accommodations' means any building, structure, or part thereof, or land appurtenant thereto, or any other real or personal property rented or offered for rent for living or dwelling purposes (including houses, apartments, hotels, rooming or boarding house accommodations, and other properties used for living or dwelling purposes) together with all privileges, services, furnishings, furniture, and facilities connected with the use or occupancy of such property.

"(g) The term 'rent' means the consideration demanded or received in connection with the use or occupancy or the transfer of a lease of any housing accommodations.

"(h) The term 'person' includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative of any of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing: *Provided*, That no punishment provided by this

Act shall apply to the United States, or to any such government, political subdivision, or agency.

"(i) The term 'maximum price', as applied to prices of commodities means the maximum lawful price for such commodities, and the term 'maximum rent' means the maximum lawful rent for the use of defense-area housing accommodations. Maximum prices and maximum rents may be formulated, as the case may be, in terms of prices, rents, margins, commissions, fees, and other charges, and allowances.

"(j) The term 'documents' includes records, books, accounts, correspondence, memoranda, and other documents, and drafts and copies of any of the foregoing.

"(k) The term 'district court' means any district court of the United States, and the United States Court for any Territory or other place subject to the jurisdiction of the United States; and the term 'circuit courts of appeals' includes the United States Court of Appeals for the District of Columbia.

"SEPARABILITY

"Sec. 303. If any provision of this Act or the application of such provision to any person or circumstances shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other persons or circumstances shall not be affected thereby.

"APPROPRIATIONS AUTHORIZED

"Sec. 304. There are authorized to be appropriated such sums as may be necessary or proper to carry out the provisions and purposes of this Act.

"APPLICATION OF EXISTING LAW

"Sec. 305. No provision of law in force on the date of enactment of this Act shall be construed to authorize any action inconsistent with the provisions and purposes of this Act.

"SHORT TITLE

"Sec. 306. This Act may be cited as the 'Emergency Price Control Act of 1942.'"

And the Senate agree to the same.

PRENTISS M. BROWN,
CARTER GLASS,
JOHN A. DANAHY,
ALBEN W. BARKLEY,
J. H. BANKHEAD,
ROBERT A. TAFT,

Managers on the part of the Senate.

HENRY B. STEAGALL,
CLYDE WILLIAMS,
BRENT SPENCE,

Managers on the part of the House.

Mr. BROWN. I should like to have the attention of the majority leader and of the Senator from Wyoming. Would there be objection to making the conference report on the price-control bill the pending business at the present time?

Mr. BARKLEY. The conference report is a privileged matter, and the Senator can move to take it up at any time. It is not necessary to make it the unfinished business.

Mr. BROWN. I ask for the present consideration of the conference report, with the understanding that it will be taken up when the Senate meets tomorrow. I may say that the House has adopted the conference report, which is my reason for bringing it up at this time.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

ALLOCATION OF INCOME FROM CERTAIN PROPERTY TO SMITHSONIAN INSTITUTION

Mr. BARKLEY. From the Committee on the Library I report favorably the bill (H. R. 5895) to authorize the Library of Congress Trust Fund Board to allocate one-half of the income from certain property to the Smithsonian Institution. I ask unanimous consent for the present consideration of the bill.

The PRESIDING OFFICER. The bill will be read for the information of the Senate.

The bill was read, as follows:

Be it enacted, etc., That the Library of Congress Trust Fund Board is authorized to allocate to the Smithsonian Institution one-half of the net income derived after June 30, 1941, from the rental of the property located at Sixteenth and I Streets NW., Washington, D. C., conveyed by Annie-May Hegeman to the Board by deed of December 20, 1938.

Mr. BARKLEY. Mr. President, I can explain the bill in a word. A very charitably inclined lady gave to the Library of Congress trust fund a valuable building in Washington located at Sixteenth and I Streets. In the deed of gift she provided that when the property was sold the proceeds should be divided equally between the Smithsonian Institution and the Library of Congress trust fund. The property has not been sold. She has indicated her desire that the income from the property shall be divided between these two institutions, and that is agreeable to the Library of Congress trust fund and also to the Smithsonian Institution. The bill carries out that intention.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

CONFIRMATION OF NOMINATION OF WALTER A. KEELING

Mr. BARKLEY. Mr. President, there is no Executive Calendar. The Senator from Texas [Mr. CONNALLY], however desires to have a nomination considered.

Mr. CONNALLY. Mr. President, as in executive session, I ask unanimous consent for the immediate consideration of the nomination of Walter A. Keeling, of Texas, to be United States district judge for the western district of Texas. A subcommittee of the Committee on the Judiciary held a hearing on the nomination, and the full committee made a unanimous favorable report. The Attorney General investigated Mr. Keeling very thoroughly and was enthusiastic in support of his nomination.

The PRESIDING OFFICER. The nomination will be stated.

The legislative clerk read the nomination of Walter A. Keeling, of Texas, to be United States district judge for the western district of Texas, vice Hon. Robert J. McMillan, deceased.

The PRESIDING OFFICER. Is there objection to the present consideration of the nomination? The Chair hears none, and, without objection, the nomination is confirmed.

Mr. CONNALLY. I ask unanimous consent that the President be notified immediately.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

RECESS

Mr. BARKLEY. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 23 minutes p. m.) the Senate took a recess until tomorrow, Tuesday, January 27, 1942, at 12 o'clock meridian.

CONFIRMATION

Executive nomination confirmed by the Senate January 26 (legislative day of January 23), 1942:

UNITED STATES DISTRICT JUDGE

Walter A. Keeling, to be United States district judge for the western district of Texas.

House of Representatives

MONDAY, JANUARY 26, 1942

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O Prince of Peace, bid our fears and doubtings cease; in suffering and hardship, be Thou our stay. We pray that all may behold the life that now is and in Thy graciousness give us power to believe that all things work together for good to them that love the Lord. Thy voice hath declared that love and truth alone endure and that throughout the great unknown which lies beyond, it is well with the good and ill with the wicked.

Heavenly Father, lay Thy hand upon us and bless us and let Thy holy Spirit inspire the hidden power of the soul. As deliverer and emancipator lift up the voice of righteousness and triumph, infusing in us a new-found courage in rich blessing to all. As debtors to the pioneers of free government, grant that the spirit of the prophets and the martyrs may be poured into the failures and weakness of man. Forbid that there should fall from our lips words which stir the flames of hate and resentment; but Almighty God, we pray for the open road and the sky above us that each day may be invested with knightly power, transfigured and lifted to the mount of consecration and prayer. In the blessed name of our Saviour. Amen.

THE JOURNAL

The Journal of the proceedings of Friday, January 23, 1942, was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Miller, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On January 15, 1942:

H. R. 4077. An act to amend the District of Columbia License Act so as to permit the transportation of school children and occasional sightseeing operations in the District of Columbia without procurement of a license or payment of a tax in the case of certain vehicles performing such operations in connection with transportation to the District of Columbia;

H. R. 5135. An act to appoint Capt. Porter M. Hoidale, United States Marine Corps, a Lieutenant, senior grade, in the United States Navy Medical Corps;

H. R. 5464. An act to authorize transfer of enlisted men of the Naval and Marine Corps Reserve to the Regular Navy and Marine Corps; and

H. R. 6163. An act to prohibit parking of vehicles upon public or private property in the District of Columbia without the consent of the owner of such property.

On January 19, 1942:

H. R. 5837. An act to regulate the distribution and promotion of commissioned officers of the Coast and Geodetic Survey, and for other purposes.

On January 20, 1942:

H. R. 4250. An act to provide for the presentation of a medal to Roland Boucher in recognition of his bravery and heroism in rescuing five children from drowning in Lake Champlain.

On January 21, 1942:

H. R. 6128. An act to amend the act entitled "An act to expedite the provision of housing in connection with national defense, and for other purposes," approved October 14, 1940, as amended.

GEN. DOUGLAS MACARTHUR

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. McCORMACK. Mr. Speaker, on January 26, 1880, there was born one of the outstanding Americans of all times, and certainly of the present generation. I refer to Gen. Douglas MacArthur, who is so valiantly leading our forces in the Philippines at the present time. At this time he is waging the hardest fight of his great career, and the series of battles that he is waging will have a great bearing on the outcome of the war in the East, and the wars that are being waged throughout the world today. The Philippines are a vital outpost of the United States defense. General MacArthur recognized that years ago when other outstanding military leaders failed to recognize that important fact.

General MacArthur enjoys the confidence and the respect of the President of the United States, and equally the confidence and respect of the people of the United States. He is a great military leader who has always won the confidence and respect of the men in his command. He is a dramatic figure and a brilliant strategist. In General MacArthur we have a man whose feeling, whose determination is, "I must not fail." Today we pause to honor General MacArthur, a great American, and in honoring him today we also honor every officer and enlisted man in his command, American and Filipino alike. General MacArthur and the men under him are making history and their bravery and exploits will occupy a foremost page in American history. To General MacArthur and the men of his command, American and Filipino alike, the people of America extend a salute.

Mr. FISH. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. FISH. Mr. Speaker, today is the sixty-second birthday of Gen. Douglas

MacArthur, an experienced, brilliant, able, and courageous officer, who is a credit to the Army and to the American people.

General MacArthur is only the fifth full general to have received such recognition in the United States Army, beginning with General Grant and followed by Generals Sherman, Sheridan, and Pershing. General MacArthur is the son of Lt. Gen. Arthur MacArthur, who served with gallantry in a Wisconsin regiment in the Civil War and was later in command of the American forces in the Philippines.

Douglas MacArthur was born at an Army post in Arkansas on January 26, 1880, and graduated with highest honors from West Point in 1903. He served with distinction and bravery as commanding officer of the Forty-second or Rainbow Division in France and later became the youngest chief of staff in the history of the Army.

For the past 6 years he has been loaned to the Government of the Philippines to organize an army for their defense. How well he has succeeded has been amply demonstrated in the glorious and gallant battle he is fighting against overwhelming Japanese forces.

On this, his birthday anniversary, let us in the House of Representatives, including many who know him well and admire him, send a message over to him and his heroic American and Philippine soldiers of heartfelt congratulations and gratitude for his brave and magnificent stand, and with the fervent hope that he may survive to see America victorious in the Philippines and to lead our armies to victory not only against the treacherous Japs but against all their allies wherever the war may be waged.

Happy birthday to you, General MacArthur, and victory to your arms in carrying out the best traditions and ideals of America. Your leadership, devotion to duty, and resolute defense against great odds is an inspiration to the American people.

EXTENSION OF REMARKS

Mr. COX. Mr. Speaker, I ask unanimous consent to extend my remarks and include an article by Frank C. Waldrop appearing in this morning's issue of the Times-Herald.

The SPEAKER. Is there objection?
There was no objection.

[The matter referred to appears in the Appendix.]

NAVAL APPROPRIATION BILL, FISCAL YEAR 1943

Mr. SCRUGHAM, from the Committee on Appropriations, reported the bill (H. R. 6460, Rept. No. 1676) making appropriations for the Navy Department and the

FEDERALIZATION OF UNEMPLOYMENT COMPENSATION

Mr. GREEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, and to include in my remarks a telegram I received from the Governor of the State of Florida.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. GREEN. Mr. Speaker, I feel sure the membership will be interested in a telegram I received from the Governor of the State of Florida with reference to an unemployment compensation proposal which may later come up for your consideration. His views as presented in this telegram reflect very well the views of a large number of people in our State. We feel that our State's prerogatives and rights should be preserved. The telegram from the Governor reads as follows:

It is my understanding that there will be an attempt to force federalization of unemployment compensation by attaching to revenue bill. Sincerely hope that if salary taxes are to be levied they be for revenue only and not involved with social security and further that proposals for federalization of unemployment compensation be embodied in a separate bill giving full opportunity to fight it. Southern Governors' conference recently held in Miami adopted strong resolution opposing federalization of unemployment compensation which would mean in our State the loss of the experience rating system and a large tax increase besides the other disadvantages. Likewise our unemployment compensation system in Florida covers many thousands of citrus packing-house workers who are not included in the Federal program; also minimum requirements required for payment of benefits and minimum and maximum benefits vary in the different States; these benefits in our State are exceedingly favorable to the workers. I not only protest vigorously the federalization proposal described above but also strongly urge that you fight any attempt to federalize our unemployment compensation set-up even in a separate bill. Please bring to attention of proper authorities that Florida cooperated gladly and quickly in the transferring of the employment service to the Federal Government but that I feel unemployment compensation involves questions which vary in the different States.

SPESSARD L. HOLLAND, Governor.

PERMISSION TO ADDRESS THE HOUSE

Mr. SMITH of Ohio. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. SMITH of Ohio. Mr. Speaker, the passage of the Ramspeck bill, H. R. 3487, which provides pensions for Congressmen was a terrible mistake, if not something much worse.

I hope the President vetoes it.

So important a measure as this should have been brought to the House under a rule permitting time for study and debate so that every Member could have had an opportunity to know what it contained.

I want to go on record in this Congress and with constituents that I am unalterably opposed to the provision in this bill which provides pensions for Congressmen. Furthermore, I want it to be

known that no matter how long I may be in Congress I shall never participate in this grab.

I think two decidedly different principles are involved when Congressmen provide pensions for themselves and when they provide pensions for other persons.

In my opinion, this act is but a short step to Congressmen voting themselves a life tenure of office.

Now when our Nation is in its greatest struggle for life, when unlimited sacrifices are demanded of everyone of us, while our soldiers are dying by the thousands on the battlefield; aye, when justice cries to high heaven that we save every dollar to provide our soldiers with the necessities to carry on, a bare handful of men in this body successfully manipulate through this measure which provides pensions for Congressmen.

And one of the fattest pensions of them all, at that—up to \$5,000 per year. To me this is wrong and unpatriotic.

Why, if allowed to stand it will, in my opinion, go far in destroying what faith the people still have left in Congress and the last vestige of representative government in the United States.

LET US ISSUE VICTORY BONDS

Mr. MUNDT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. MUNDT. Mr. Speaker, last Friday I read into the Record a highly significant little poem dedicated to what the author called the Victory stamp rather than the Defense stamp. If you read that poem in Friday's Record I feel certain you agree with me that the author built a splendid case for the Victory stamp and bond.

I have today sent a letter to Secretary of the Treasury Morgenthau, recommending that when existing supplies are consumed the new issues of war stamps and bonds be designated as Victory stamps and Victory bonds instead of Defense bonds and stamps. Defense was an appropriate name while America was at peace—now America is at war, victory is the goal, and we have both a war to win and a peace to promote and protect.

It is not enough that we ward off defeat by defending ourselves—we must seek that type of victory which will become the background of a permanent peace. To that end I suggest that you join me in recommending that the Treasury Department issue a series of Victory bonds and stamps as a logical successor to the Defense bonds and stamps which are now being issued.

EXTENSION OF REMARKS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to revise and extend the remarks that I heretofore made this morning.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. McCORMACK]?

There was no objection.

Mr. RANKIN of Mississippi. Mr. Speaker, I ask unanimous consent to ex-

tend my own remarks in the Record and to include a statement made by the Secretary of the Interior before the Public Lands Committee this morning.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi [Mr. RANKIN]?

There was no objection.

[The matter referred to appears in the Appendix.]

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—INDEPENDENCE OF PHILIPPINE ISLANDS

The SPEAKER laid before the House the following message from the President of the United States, which was read and referred to the Committee on Insular Affairs:

To the Congress of the United States:

As required by section 2 (a) (11) of the act of Congress approved March 24, 1934, entitled "An act to provide for the complete independence of the Philippine Islands, to provide for the adoption of a constitution and a form of government for the Philippine Islands, and for other purposes," I transmit copies of laws enacted by the National Assembly of the Philippine Islands. Included are laws of the Second National Assembly, second session, January 22 to May 8, 1940; Second National Assembly, fourth special session, July 8 to August 10, 1940; and Second National Assembly, third session, January 27 to May 22, 1941.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, January 26, 1942.

EMERGENCY PRICE-CONTROL ACT

Mr. STEAGALL. Mr. Speaker, I call up the conference report on the bill H. R. 5990, to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes, and I ask unanimous consent that the statement of the managers on the part of the House may be read in lieu of the full report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Alabama [Mr. STEAGALL]?

Mr. WOLCOTT. Mr. Speaker, reserving the right to object, this is one of the most important bills which the Congress will have before it. We have spent several months on the subject. I wonder if we may have some agreement as to time. I understand that under the rule we will have an hour's time, which I believe is under the control of the gentleman from Alabama. I have innumerable requests for time on this side and, to do justice to this subject, it does not seem to me that we can get along with very much less than 3 or 4 hours. I wonder if we cannot come to some agreement for reasonable time in which to discuss the controversial features of the conference report, which, I may say, are many and varied.

Mr. STEAGALL. Mr. Speaker, may I ask the gentleman from Michigan if he will indicate to the House just what the trend of the discussion will be and how wide a range will be covered? Of course, if we undertake to have a new discussion of the entire subject covered by this bill,

we would need a great deal of time. I am wondering if we may not agree on 2 hours, one-half to be controlled by myself and one-half by the gentleman from Michigan? I should think that would be in accordance with the wishes of the gentleman from Michigan.

Mr. WOLCOTT. I will indicate to the gentleman the controversial matters in the conference report. There is the provision in respect to licensing, the provision in respect to some method for reviewing the maximum prices or ceilings placed by the Administrator; there is the section having to do with rents, and, more important to many Members and perhaps the majority of the Members, are the provisions having to do with floors under agricultural prices and ceilings on agricultural prices; the very new and novel labor provisions in the bill, the buying and selling provisions in the bill, transfer of Executive powers and functions, just to mention a few of them. It does not seem to me we can do credit to those subjects in much less than 3 or 4 hours' time.

Mr. STEAGALL. The gentleman does not seem to understand just what I meant by my inquiry. Of course, I understand the ramifications and the wide range of the measure and the interest in it, but I had hoped the gentleman might indicate the line of controversy that would be followed here today so that we might know just how much time would really be needed to dispose of this conference report.

Mr. WOLCOTT. I have suggested 3 or 4 hours. Three hours would be the very minimum. I may say to the gentleman that during the course of the debate it will probably be indicated that somebody, perhaps myself, will offer a motion to recommit. We have not definitely decided what that motion to recommit will embrace, but it surely will include two subjects most controversial and which are fundamental questions, that of licensing and some method of review. Whether other subjects will be covered in the motion to recommit I am not at this time in position to state definitely. I am of the present opinion that the motion to recommit will be inclined to those subjects and, of course, possibly to amendments to include several of the other features of the bill.

Mr. STEAGALL. Mr. Speaker, 2½ hours should be sufficient, one-half to be controlled by myself and one-half by the gentleman from Michigan.

Mr. GIFFORD. May I suggest to the gentleman that much ought to be said about the omissions in the bill. There have been scathing editorials during this past week and we should give the subject a little consideration this afternoon.

The SPEAKER. What is the request of the gentleman from Alabama [Mr. STEAGALL]?

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that the debate on this conference report be limited to 2 hours and one-half, one-half to be controlled by the gentleman from Michigan [Mr. Wolcott] and one-half by myself. I further ask that at the end of the debate the previous question be considered as ordered.

Mr. ROBSON of Kentucky. Reserving the right to object, Mr. Speaker, this is a tremendously important bill. Two hours and a half is a very brief time in which to debate it. How much of the time will be consumed by the members of the Committee on Banking and Currency, and will Members who are not on that committee have an opportunity to say anything on this bill?

Mr. STEAGALL. Of course, the allotment of time is in the charge of those in control of the time.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The SPEAKER. Is there objection to the request of the gentleman from Alabama that the statement be read in lieu of the report?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of January 22, 1942.)

Mr. STEAGALL. Mr. Speaker, it will be recalled that the chief controversy when this bill was originally under consideration by the House related to the provisions of the bill reported by the House Committee on Banking and Currency providing authority in the administrator to license the sale of commodities, with power to revoke such licenses.

The report adopted by the committee of conference of the two Houses, embodied, without very substantial difference, the provision that was offered in the House as a committee amendment to the original bill by the Committee on Banking and Currency.

The controversy in the committee and in the House, with reference to the licensing provisions of the bill, hinged upon whether the administrator should be given authority to revoke a general license for the conduct of business or should be limited to the revocation of the license to sell a particular article.

The Senate bill follows substantially the provisions incorporated in the committee amendment offered by the House committee. As finally agreed upon, the provision in the bill would authorize the requirement that licenses be obtained by sellers of commodities and would authorize the revocation of such licenses only by a competent court upon petition of the administrator, after a warning to the seller had been disregarded; so I think it is fair to say that the licensing provision embodied in the conference report represents substantially the views of the House Committee on Banking and Currency.

In any event, there is no power to revoke a license except by a proceeding in a court of competent jurisdiction. An application for a revocation of license must be filed in a State court unless the seller does a business representing an annual gross income of \$100,000 or is engaged in interstate business. The licensing provision is in addition to provisions that would authorize injunction proceedings and criminal prosecution.

Another provision that has been controversial throughout the entire consideration of the bill hinges on the question

of the authority to be established for the administration of the law. The House bill provided for the administration of the law by a single administrator, whose office was created by the bill. There was included in the House bill as reported by the Committee on Banking and Currency a provision establishing a special appellate court of not less than three circuit or district court judges, named by the Chief Justice of the United States, with the right to add additional members whenever required, the court to be permitted to sit in divisions when necessary. The provision also gave anybody dissatisfied with any order, ceiling, or regulation of the Administrator the right to appear and protest the action of the Administrator. The Administrator was required to take action on such protest within 30 days. Thirty days would be allowed in which an appeal might be made to the Emergency Court of Appeals established under the bill, with the duty of the court to review the decision of the Administrator in establishing ceilings or other regulations under the bill.

The conference report follows substantially the bill reported by the House Committee on Banking and Currency. That is the plan embodied in the conference report.

It will be recalled that the House adopted a plan to set up a Board of Review of five members, to be appointed by the President and to be confirmed by the Senate, the members to receive salaries of \$10,000 annually, such Board to have the right to review the action of the Administrator. As indicated by the gentleman from Michigan [Mr. Wolcott] these are the principal differences that will be discussed in connection with this report today.

The conferees rejected a Senate provision which would have required all personnel in the office of the Price Administrator drawing salaries of as much as \$4,000 a year to be confirmed by the Senate.

The conferees rejected the so-called O'Mahoney amendment to section 3, which is the section of the bill limiting the powers of the Administrator relating to farm commodities. I assume that Members are familiar with the history of that phase of the legislation.

The conferees accepted the so-called Bankhead amendment, which provides that any action by the Administrator relating to agricultural commodities shall first be approved by the Secretary of Agriculture. I wish to say in that connection that I do not believe that those of us who favored that provision in conference violated the sentiment of the House. Under the law, the Secretary of Agriculture has been directed to offer inducements and rewards to accomplish increased production of farm commodities essential to the Nation's defense program. To authorize some other agency or authority to nullify such action on the part of the Secretary of Agriculture, it seemed to us, would have been inconsistent and very unwise, so that provision of the Senate bill was accepted.

There are numerous changes that could be discussed as reported by the conferees, but I believe I have indicated the points

of difference on matters of paramount importance.

Mr. COX. Mr. Speaker, will the gentleman yield to me?

Mr. STEAGALL. I yield to the gentleman from Georgia.

Mr. COX. May I inquire of the gentleman if it is still contemplated that Mr. Henderson will be named administrator under the law?

Mr. STEAGALL. Of course, the gentleman from Georgia has just as much information in that regard as I have. It is assumed and generally understood that the administration of the law will be lodged in Mr. Henderson. I have no direct word from the President that would enable me to answer specifically the inquiry of my friend from Georgia.

Mr. COX. Will the gentleman permit me to say that I do not know that I have ever agreed with Mr. Henderson in anything he has ever said except the appellation which he applied to himself, which, I think, is rather characteristic, yet statements made to me by the gentleman handling this bill, and other members of his committee who have been wrestling with the proposition for many months, have convinced me it is going to take just the sort of man that Mr. Henderson says he happens to be to administer this law and, therefore, so far as Mr. Henderson is concerned, I am rather disposed to withdraw my objection to the bill.

Mr. STEAGALL. I may say to the gentleman that the act, as reported by the conferees, would embody a provision for a court of appeals composed of the judges of circuit or district courts, appointed by the Chief Justice of the United States to sit upon the action of the Administrator, whoever he may be.

Mr. Speaker, I reserve the balance of my time.

Mr. JOHNS. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman.

Mr. JOHNS. How does the court expect to enforce its orders if it cannot issue restraining orders on the matters before it? I notice under subsection (c), on page 10, that the court shall issue no restraining orders. I am wondering how it is going to enforce its judgments.

Mr. STEAGALL. It cannot issue interlocutory orders, but the order stands unless set aside by the court, and there are in the bill provisions for injunctions and for criminal proceedings against violators.

Mr. JOHNS. Is that against the Administrator?

Mr. STEAGALL. I do not catch the gentleman's question.

Mr. JOHNS. The language is that the court shall have the powers of a district court with respect to the jurisdiction conferred on it by the act, except that the court shall not have power to issue any temporary restraining order or interlocutory decrees staying or restraining in whole or in part the effectiveness of any regulation or order issued under section 2.

Mr. STEAGALL. That is quite true and quite clear. It is not considered desirable that there should be such an

order. It is the view of those who are responsible for the act that the power to set aside an order should be final action and that there should not be temporary injunctions or restraining orders pending final decision, but that the order of the Administrator should stand until set aside by order of a duly constituted court.

Mr. JOHNS. Then the court does have the power, in its final judgment, to set aside its order and restrain the Administrator?

Mr. SPENCE. Mr. Speaker, will the gentleman yield to me?

Mr. STEAGALL. I yield to the gentleman.

Mr. SPENCE. As I understand, a temporary restraining order is issued upon execution of a bond, and the language provides that no temporary restraining order or no temporary injunction is issued without hearing.

Mr. JOHNS. Then the court has the power to issue a final order restraining the Administrator if it wants to do so?

Mr. STEAGALL. That is correct.

Mr. PACE. Mr. Speaker, will the gentleman yield to me?

Mr. STEAGALL. I yield to the gentleman from Georgia.

Mr. PACE. I would like to get one thing definitely clear with regard to buying and selling. As I understand subsection (f) of section 2 of the bill, after the Administrator has put up any commodity, under this bill he cannot sell it on the market for less than the commodity selling price.

Mr. STEAGALL. That is correct. The law is very specific that no sale of any such commodity may be made contrary to the provisions of section 3 of the act. I am sure the gentleman is familiar with section 3. They are the provisions which limit the power of the administrator to establish maximum prices on farm commodities.

Mr. PACE. That is correct. When he offers them for sale he cannot offer them at less than those prices.

Mr. STEAGALL. That is correct. Otherwise we would be in the attitude of having conferred upon the administrator through his buying and selling authority, a power to sell commodities contrary to the provisions of section 3 and which would nullify the provisions of that section. There is also a similar limitation, stated in general terms, that no action may be taken under authority of section 2 or any other law contrary to the provisions of section 3. That in itself would cover the situation, but we also have the specific provision in the bill, as indicated to the gentleman.

Mr. COFFEE of Nebraska. In that connection section 3 would also prohibit the Commodity Credit Corporation from selling any of their stock below the price fixed.

Mr. STEAGALL. Yes, and we also undertake in this bill to preserve, or at least to make sure that we do not destroy or nullify any of the protection for agricultural commodities embodied in the Agricultural Adjustment Act, which was passed as the deliberate action of the Congress, as a result of years and years of

mature consideration by the committees of both the House and the Senate and by both Houses themselves.

Mr. COFFEE of Nebraska. The gentleman indicated that the O'Mahoney amendment had been rejected.

Mr. STEAGALL. We adopted two of the provisions of that amendment. I overlooked referring to them because, comparatively speaking, they are of minor importance. When I spoke of having rejected the O'Mahoney amendment, I meant, of course, the provisions of that amendment which undertook to draw urban wages into account, in determining the relationship of agricultural prices to other commodities. We did accept two provisions of that amendment. One was the provision which preserves and retains in full force and effect all marketing agreements that may be entered into by the Secretary of Agriculture under authority of law, and we adopted also in the conference report a provision of the O'Mahoney amendment which sets December 15 as the date on which prices must be observed by the Administrator in fixing the final price. In other words, that the Administrator could not go below the prices of commodities obtaining on the date December 15.

Mr. COFFEE of Nebraska. Or October 1, whichever is the highest.

Mr. STEAGALL. Yes; the two items to which the gentleman refers are in the O'Mahoney amendment.

Mr. COFFEE of Nebraska. That amendment is very important to the livestock interests.

Mr. STEAGALL. Yes; and I am sure there is no objection to the December amendment because it seems to be agreed by everybody familiar with the business that there would have been a comparative injustice done to the tobacco growers, and to some other commodities if such a provision had not been in the bill.

Mr. KLEBERG. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. KLEBERG. Is there any provision in this bill requiring the Administrator to examine into the costs that enter into the production of various commodities on which he is going to fix prices?

Mr. STEAGALL. The Administrator is required to take into consideration all of the factors that should enter into that calculation.

Mr. KLEBERG. Is there any direction in this bill to the Administrator as to how he shall arrive at those costs—any definite channelized effort by which he should arrive at a price?

Mr. STEAGALL. No; we did not set that out.

Mr. KLEBERG. In the present provision, the buying and selling provision in the bill, is there any reference made to the removal of tariffs affecting the imports of agricultural commodities from other countries?

Mr. STEAGALL. There is a specific provision in the bill to the effect that existing tariff laws are to be observed in all transactions.

Mr. KLEBERG. As well as the livestock sanitary regulations that exist, I presume?

Mr. STEAGALL. There isn't any such provision.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. O'CONNOR. Respecting the tariff, does it apply to any importation of wool?

Mr. STEAGALL. It applies to anything that may be done under the buying and selling provision of section 2 of the bill. What we tried to do was to preserve the law already adopted by the Congress representing the fixed policy of the Government, and not to nullify any such law.

Mr. O'CONNOR. Does the report in respect to the power given to the Secretary of Agriculture give him the last word in fixing the price on farm commodities?

Mr. STEAGALL. The gentleman does not quite express the provisions of the bill. He is given, not the last, but the first word. The provision is that no action with respect to agricultural commodities may be made effective by the Price Administrator without the prior approval of the Secretary of Agriculture.

Mr. O'CONNOR. Then he has veto power. Is that not correct?

Mr. STEAGALL. Well, it might be so called.

Mr. PACE. Mr. Speaker, will the gentleman yield further?

Mr. STEAGALL. I yield.

Mr. PACE. With reference to the tariff, I think many Members of the House are interested in this feature, that in order to carry out the proposed Rio agreement which was suggested last week it would be necessary to secure legislative authority, and it is not contained in this bill, to waive all import duties and tariffs.

Mr. STEAGALL. The provisions of this bill are the provisions of the original House bill reported to the House and were written without any contemplation of recent international agreements.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. MAY. Of course, I want the gentleman to understand I am at a disadvantage in connection with this legislation by reason of the fact that I received a copy of the hearings 15 days ago and have not had time to open them yet; but I am a little confused about one thing which I would like to know about. We have certain strategic war materials that are essential to our national defense at home undeveloped. There are large areas, both in some of the South American countries and in Cuba—for instance, manganese, chrome, tungsten, and tin—that already bear a tariff. Now, if the tariff remains against those products, how much encouragement or how much chance will we have to get any of those when in fact we are not getting any at home?

Mr. STEAGALL. The committee felt when this original bill was under consideration that the policy of the Government with respect to the tariff should not be disturbed by this legislation and such questions should be fought out on their merits just as had been the case

in the establishment of the policy of the Government theretofore.

Mr. MAY. Just one other question and then I am through. Of course, I may be stepping on somebody's toes when I mention the subject of sugar, because there are beet-sugar producers and cane-sugar producers, and they have a vast amount of sugar in Cuba. I understand that has all been contracted for at about \$2.60 per hundred pounds, which is probably 5 or 6 cents below the market, but that it bears a tariff nevertheless. Now, if sugar is essential to make alcohol for war purposes, and if we have got a shortage of sugar, where you and I can only get 2 pounds a week, what is the matter with taking the tariff off of sugar that comes from the outside?

Mr. STEAGALL. There is nothing the matter with taking any tariff off as far as my vote is concerned in this House, but we do think that matters of that kind should be settled on their merits and that we should not take advantage of this emergency dealing with the matter of prices, to nullify anything already done by the Congress, representing the deliberate policy of the people of the Nation.

Mr. FULMER. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. FULMER. I understand the bill carries a provision for fixing a ceiling at 110 percent of parity.

Mr. STEAGALL. That is correct.

Mr. FULMER. As a floor or a ceiling?

Mr. STEAGALL. The provision is that no ceiling may be established below 110 percent of parity; not authorizing a direct ceiling at 110 percent, but saying that no ceiling shall be established at less than 110 percent of parity.

Mr. FULMER. And in certain months?

Mr. STEAGALL. In certain months, also naming the 1st of October 1941, saying that no price ceiling or maximum price shall be established at less than the price prevailing on any agricultural commodity on the 1st day of October 1941. Then in addition we have December 15, whichever is higher. Then we have the period of 1919 to 1929, saying that no ceiling or maximum price should be established on any agricultural commodity at less than the average price prevailing during those years.

Mr. FULMER. Would Mr. Henderson be permitted under this bill to sell any farm commodity unless the price went beyond that floor?

Mr. STEAGALL. He would have no authority whatever to do so. Under section 2 of this bill there is a specific provision saying that he cannot sell any agricultural commodity acquired except within the limitations of the provisions of section 3 and within the limitations of the provisions of the Agricultural Adjustment Act.

Miss SUMNER of Illinois. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield.

Miss SUMNER of Illinois. But there is nothing in this bill to prevent the Commodity Credit Corporation dumping its stocks and lowering the price, is there?

Mr. STEAGALL. Yes; and we have undertaken in this bill—and we think we

have succeeded—in preserving in toto the benefits carried by the provisions of the Agricultural Adjustment Act, which does set up rules and limitations under which such commodities may be sold. I think the lady fully understands that provision of the bill.

Mr. KEEFE. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. KEEFE. Does this bill contemplate in any way any action on the part of the Administrator to control the price of commodities that do not move in interstate commerce?

Mr. STEAGALL. Oh, certainly. The purpose of this bill is price control that will prevent inflationary tendencies, as far as may be done.

Mr. KEEFE. Does the gentleman contemplate that the Administrator will have the power and that Congress has the power to legislate giving him the power to control the price of commodities that are not moving in interstate commerce?

Mr. STEAGALL. Undoubtedly that is true under the war powers.

Mr. KEEFE. All right. I just want to have that statement appear. Now may I ask this question of the gentleman: On page 6 of the bill there is an exception providing that nothing contained in this act shall be construed to modify, repeal, supersede, or void the provisions of the Agricultural Marketing Agreement Act of 1937. Under that act certain marketing agreements have been entered into in various milkshed areas throughout the United States. Yesterday on the air the Social Security Agency put on a program in which they advocated milk as the No. 1 cardinal diet for the people of the United States of America. Now, then, you are holding out to the people in the cities of America a control over the price of milk to the men, women, and children in these cities. Is there anything in this bill that will control the price of milk in the cities having the so-called marketing agreements under the Agricultural Marketing Agreement Act of 1937?

Mr. STEAGALL. There is conferred by this bill full authority with respect to all foods and all commodities except as limited by the specific provisions of this bill. One of those provisions is the marketing agreement provision of the Agricultural Act to which I have called attention. That legislation represents deliberate action on the part of Congress fought out here on its merits and conferred specifically upon the Secretary of Agriculture the power to fix minimum prices on certain commodities, including milk. It was not thought that these acts of Congress which I have repeatedly stated represent the deliberate action of the people of the United States should be nullified by anything in this bill dealing with the matter of price control.

Mr. KEEFE. Then the matter of fact is, is it not, that by the passage of this bill you in no way seek to control the price of any product that is controlled by the Agricultural Marketing Agreement Act; and this means principally milk?

Mr. STEAGALL. Not contrary to those agreements. Otherwise, the authority is ample.

Mr. KEEFE. Then if the gentleman will permit one further question, is it not true that in a community such as the District of Columbia that is subject to a milk-marketing agreement where the price is fixed, this price-control bill will in no sense control the price of milk, a cardinal item of diet?

Mr. STEAGALL. That is not true, but under this bill there cannot be any nullification of the action of the Department of Agriculture fixing minimum prices.

Mr. COLE of Maryland. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I yield.

Mr. COLE of Maryland. I have before me an article from a Baltimore paper of Saturday last which states that substantial price increases in many important foodstuffs are provided by the price-control bill now under consideration in Congress.

Mr. STEAGALL. To start with, of course, that is not true. We have not provided any price of any kind on anybody. We have only set limitations upon the Administrator.

Mr. COLE of Maryland. If the gentleman will permit me to finish my question—the article then stated definitely a number of important items, but I mention only three: Eggs, current price of 46 cents, potential price 62 cents; lamb, current price 25 cents, potential price 33 cents; rye bread, pound loaf, current price 9 cents, potential price 15.2; whole-wheat bread, current price, 6.5, potential price, 15.3.

I am wondering if the gentleman has any computation or any analysis, any figures either to contradict these outrageous increases or to give us the benefit of some information more accurate.

Mr. STEAGALL. I will insert in the Record a table that will give the authoritative figures from the Department of Agriculture that will supply the information the gentleman desires. Let me say in this connection that a great many misleading statements have been issued in connection with this legislation based upon partial figures that do not convey the real situation.

Mr. COLE of Maryland. I hope the gentleman will place that information in the Record.

Mr. STEAGALL. Let me also say in connection with the statement the gentleman has read that there is nothing in this bill which says there cannot be an increase in any price on any article on which the Administrator is authorized to establish limitations. Such criticism can be lodged against every possible commodity as to which any authority is conferred under this act.

Mr. COLE of Maryland. I assume that the paper which published this article had some experts working on the bill. I hope the gentleman in his remarks will give the Congress and the country the benefit of anything that might contradict these statements of terrific increases in price.

Mr. STEAGALL. I am going to insert in the Record figures supplied by the Department of Agriculture which will cover the subject to which the gentleman refers.

Farm price equivalent of alternative maximum price schedules for selected agricultural commodities under section 3 (a) of House and Senate versions of the emergency price-control bill, Dec. 15, 1941

Commodity	Farm price, 1909-14	Parity price, Dec. 15	Alternative ceiling measures				
			Emergency wage parity, Dec. 15 (basis 1931-40)	110 percent of parity, Dec. 15, 1941	Estimated farm price, Oct. 1	Farm price, Dec. 15	Average farm price, 1919-29
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Wheat.....cents per bushel..	88.4	127.3	146.0	140.0	93.4	102.2	132.5
Corn.....do.....	64.2	92.4	101.0	101.6	67.8	66.9	88.9
Oats.....do.....	30.9	57.5	54.0	63.2	39.4	45.2	47.4
Barley.....do.....	61.9	89.1	80.0	98.0	50.5	56.1	69.3
Rice (rough).....do.....	81.3	117.1	129.0	128.8	92.9	143.9	127.0
Flaxseed.....dollars per bushel..	1.69	2.43	2.65	2.67	1.74	1.78	2.34
Dry beans.....dollars per hundredweight..	3.37	4.85	5.42	5.34	4.31	4.93	5.77
Cotton.....cents per pound..	12.4	17.86	20.0	19.65	17.04	16.23	21.47
Cottonseed.....dollars per ton..	22.55	32.47	39.08	35.72	50.36	44.65	37.20
Potatoes.....cents per bushel..	113.8	101.3	118.0	111.4	65.8	82.7	124.5
Sweet potatoes.....do.....	87.8	126.4	135.0	130.0	90.2	86.6	134.4
Hay.....dollars per ton..	11.87	17.00	15.08	18.80	8.14	9.43	13.53
Burley tobacco.....cents per pound..	22.2	25.3	31.0	27.8	120.2	120.2	22.3
Flue-cured tobacco.....do.....	22.9	26.1	31.0	28.7	128.5	128.5	24.0
Peanuts.....do.....	4.8	6.9	5.6	7.6	4.4	4.79	5.8
Apples.....dollars per bushel..	0.66	1.38	1.52	1.52	0.86	1.09	1.46
Hogs.....dollars per hundredweight..	7.22	10.40	12.35	11.44	10.59	10.21	9.77
Beef cattle.....do.....	5.21	7.50	9.95	8.25	9.27	9.38	7.18
Veal calves.....do.....	6.75	9.72	12.15	10.60	11.20	11.22	9.65
Lambs.....do.....	5.87	8.45	11.50	9.30	9.75	9.86	11.12
Butterfat.....cents per pound..	26.3	41.4	49.0	45.5	37.0	36.0	44.0
Chickens (live).....do.....	11.4	16.4	23.0	18.0	16.2	15.8	21.1
Turkeys (live).....do.....	14.4	20.7	28.0	22.8	18.2	20.9	28.8
Eggs.....cents per dozen..	21.5	38.4	42.0	42.2	31.0	34.1	33.2
Wool.....cents per pound..	18.3	26.4	37.0	29.0	36.3	37.1	34.1
Sugarcane.....dollars per ton..	3.73	(5.37)	-----	(5.91)	* 3.65	* 3.65	5.93
Sugar beets.....do.....	5.50	(7.92)	-----	(8.71)	* 6.15	* 6.15	8.34

Columns 1 and 2: Average prices 1909-14 and parity prices Dec. 15 as reported in Midmonth Local Market Price Report, U. S. Department of Agriculture. Column 3: Wage parity plan as given in CONGRESSIONAL RECORD, Jan. 10, p. 235. Column 4: 110 percent of column 2. Column 5: Average of Sept. 15 and Oct. 15 reported prices. Columns 6 and 7: Reported in Midmonth Local Market Price Report, U. S. Department of Agriculture.

* Season average price, preliminary.

† Seasonally adjusted.

‡ Louisiana only.

Mr. KOPPLEMANN. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. Yes, Mr. Speaker, I yield to the gentleman from Connecticut, and then I must proceed.

Mr. KOPPLEMANN. Recalling the statement just made by the gentleman from Maryland that the potential price of eggs is 62 cents under this bill, may I say to the gentleman from Alabama, my distinguished chairman, that eggs are today 62 cents.

Mr. STEAGALL. They might go to \$62 so far as any provision of this law is concerned, in the absence of action by the Administrator. That is true of every

commodity. The Administrator fixes the ceiling maximum prices. This bill does not go further than that. It only authorizes price control by order of the Administrator. The bill does place limitations on his authority. Agriculture is not the only thing in this bill as to which there are limitations upon the power of the Administrator. There are limitations as to wages, and with reference to the press; it is true with reference to radio operations and other things.

Mr. SMITH of Ohio. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Ohio.

Mr. SMITH of Ohio. With reference to the \$12,000 salary provision in section 201, we all know that Leon Henderson is already the Price Administrator. Directly and indirectly he has perhaps exercised more power over prices than was exercised during the last World War. The bill before us is largely perfunctory anyway. Without it the Price Administrator would probably continue his present policy of arbitrarily extending his authority over the prices of more and more commodities until he has all of them under his control. I am wondering what justification there is for raising the

* Season price for sugarcane estimated at \$3.65 plus about \$0.92 Government payments and \$0.30 bonus from processors; sugar beets, estimated at \$6 to \$6.25, plus \$1.90 Government payments.

Price Administrator's salary from \$10,000 to \$12,000 a year.

Mr. STEAGALL. I think the gentleman is familiar with the history of the matter of the salary of the Administrator. When the House adopted the provision in the original bill establishing an office of Administrator by law, the salary was placed at \$10,000 without inquiry or thought on the matter of salary, or giving it any distinct consideration by the committee. The bill went through the House in that form. It turned out that the Administrator is being paid \$12,000 a year under Executive order; so the Senate fixed the salary of the Administrator at \$12,000 a year instead of \$10,000 a year and the House conferees accepted that. There are so many things of transcendent importance in this legislation and the matter is so urgent I do not think the conferees on the part of the House felt that a great deal of time should be devoted to fighting over the question of salary when there is only \$2,000 a year difference. This will operate for only 2 years under the present law, and possibly for a less time. Everybody recognizes it is an easy matter to make the salary \$12,000, \$15,000, or more, by Executive order. Under the circumstances we thought the matter too trivial for the House conferees to delay the report because of that provision.

Mr. SAUTHOFF. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Wisconsin.

Mr. SAUTHOFF. In the first paragraph on page 2 there is a declaration of policy which says of the departments and agencies of the Government dealing with wages, including a number of war bureaus, that within the limits of their authority and jurisdiction, they shall work toward stabilization of prices, fair and equitable wages, and cost of production. When this bill was before the House for consideration I offered an amendment that no ceiling could be fixed by the Price Administrator on any farm commodity below the cost of production. The committee turned that amendment down. Why one law for others and a different law for the farmers?

Mr. STEAGALL. The record speaks for itself. Mr. Speaker, I reserve the balance of my time.

Mr. WOLCOTT. Mr. Speaker, I yield myself 15 minutes.

Mr. Speaker, for almost 7 months now we have had before us this all-absorbing and very important economic question of price control. So far as the House is concerned, with the exception of some minor softening language in respect to licensing, we are back just where we started in July of 1941.

In this conference which we have just had those who believed that the House version should be adopted were strangely enough very much in the minority. The other body of the Congress was very willing at all times to yield in respect to the provisions of the Senate bill on those questions which the administration did not want and were adamant that there be written in the bill all of the provisions which the administration wanted. In consequence, the conferees were suc-

cessful in nullifying the months of debate, discussion, and consideration which had been given to this matter by the House and they bring back to you now with the exceptions I have noted the bill as it was originally introduced last July.

It has frequently been discussed that because of Pearl Harbor there will be sufficient sentiment in the House to adopt this bill in substantially the same form as it was introduced last July. I want you to bear with me in the statement that there is very little relationship between this bill and the war effort. I see many confronted with the thought that this bill is essential to the war effort, it is essential to keep prices down because of the tremendous amount of money being appropriated and spent in behalf of the war, that there is danger of inflation. There is an affiliation, but it is economic and has very little relationship to our defense and war effort.

We all were solicitous of a price-control bill. If I may be pardoned for a personal reference, the afternoon that this bill was passed on the floor, I spent half of my time, as did other members of the committee who were anxious that some kind of a price-control bill be written, fighting off attempts to strike out the enacting clause. We felt that we should have a price-control bill, but we were conscious of the fact that as the bill was written there were strong indications that certain people were more concerned with the control of business, agriculture, and industry than they were in the control of prices. That thought prevailed in this House, and anything to the contrary notwithstanding, this House wrote and adopted a good price-control bill without giving these men, bureaucrats they have been called, but call them what you please, any more control over business, agriculture, and industry than was essential to carry out the purposes of the bill.

It was definitely decided on this floor that it was not necessary that the Administrator have the power to issue licenses to enforce these ceilings. It was thought essential that there be some method of review whereby an aggrieved person might be heard in respect to his grievance. This House, conceding that that was essential, wrote in a very desirable provision in the bill which set up the machinery for effective reviews. The boys downtown did not want either of those provisions.

In addition to that we were confronted in conference with an entirely new philosophy of price fixing; buying and selling in the open market for the purpose of stabilizing prices. You will recall that we very definitely decided that matter here on the floor; we decided to give the Administrator the power he had asked for, power sufficient to authorize him to buy and sell for the purpose of encouraging production—that had to do with marginal and high-cost producers—only to find that the Senate had written back into the bill this most obnoxious provision, which authorized him to go into the domestic market and the foreign market and buy and sell all commodities and even futures to control the prices of commodities.

We were confronted in the Senate, and we still are, with a provision which authorizes the transfer of the functions and powers of other executive agencies to the Price Administrator. I say categorically that under the provisions of this bill as it has been presented to you now, certain functions of the Securities and Exchange Commission, certain functions of the Reconstruction Finance Corporation, functions of the Federal Trade Commission, and functions of the Labor Department, to mention only a few of them, may be transferred to Mr. Henderson.

Mr. Speaker, I know that I stand here as one of a minority trying to do the best we can to safeguard democracy. That is why you wrote into the bill when it was before the House these limitations upon the authority of any bureaucrat who might be more interested in the control of business than the control of prices.

What did the other body do in that respect? They did not seem to have even as much confidence in the proposed Administrator as we did, because they compelled every one of his employees receiving more than \$4,000 annually to be confirmed by that body. They did not trust Mr. Henderson very far or they would not have written into their bill the provision that all employees receiving a salary of more than \$4,000 a year would have to be confirmed by the Senate.

They did not trust the Administrator very far because they wrote into this bill a provision that all his actions in respect to farm commodities must be subject to the review and the approval of the Department of Agriculture. Has not labor just as much right to be heard before some board of review after the action as agriculture has to be heard before the action is taken? Has not the businessman the same right to be heard after the action is taken that anyone else has to be heard before the action is taken? Why these two provisions? Why the provision limiting the transfer of executive powers and functions to others than the Department of Agriculture? Because the majority of the other body did not trust the Administrator of this act.

I do not speak for him, I do not speak against him. We are confronted with a situation, a plain, simple, parliamentary situation. If the people of this Nation, if the Congress of the United States, had the faith and confidence in Leon Henderson which they have in some other officers of the Government, this bill would have been a law 5 months ago, and we know it. The only reason we have not had a price-control bill, and I want the country to hear this and know it—and this is the reason why you have held it up, the reason why we have been fighting for 7 months here—is that we doubt that Leon Henderson is temperamentally fitted to do this job. That is the situation. He is a splendid fellow. I do not believe that he is a Communist; they did not make out their case against him in that respect. But I do say to you, and this is serious, that in the face of the fact that 44,000 businesses are closing, in the face of the fact that 5,000 to 6,000 industries are closing their doors and from 1,000,000 to

2,000,000 men are being laid off, in the face of the fact that little industries all over the United States in almost every district are closing their doors because of the maladministration or misadministration of this and other acts, no responsible administrator, no administrator in whom you and I should have confidence, has any business clowning on a bicycle with a blond down on Pennsylvania Avenue. That is serious. My mail has been full of protests against turning the administration of this act over to a man who can clown in the face of disaster. That is the condition which confronts us, and to which we must give consideration. I say that that furthers the argument that there should be some restraint upon the activity of this Administrator. There should be some restraint upon his authority without any method of review whatever, except the legal right to set the ceiling, to put business out of business. Can he do that? He has done it, and he justifies it in the name of economic discipline.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Speaker, I yield myself 5 additional minutes.

Under the licensing provisions of this bill he has the power, under a provision on page 15, subdivision (i), under the definition of "Maximum price," to set the margin of profit of any business. Mr. Ginsburg, who sat constantly throughout the sessions of the conference, told us that in all probability that was the manner in which prices would be controlled.

They are not going to put a ceiling on all the articles a hardware merchant sells or all the articles a grocer or a haberdasher sells. They are going to license his margin.

In the language on page 15, in subsection (i), you will note that—

Maximum prices and maximum rents may be formulated, as the case may be, in terms of prices, rents, margins, commissions, fees, and other charges, and allowances.

That is the way they are going to do it.

I recall the storm of protest that came up in this House and in the other body when the Secretary of the Treasury a few weeks ago suggested—as a matter of fact, in the hearings on this bill—that the profits of any business be limited to 6 percent. Under this bill the Price Administrator can fix the margin of profit of every business in the United States at 1 or 1½ percent, if he thinks that kind of economic discipline is essential to carrying on the war effort.

Do you want to do it? It is a matter of policy, of course, which you have the legal right to adopt if you think it is the right thing to do.

There is no provision in the bill for any review whatsoever on that, although they will tell you they have got to go into court to take away any license. The only question before that court is whether the Administrator had the legal right to set the ceiling, to make the order or the regulation upon which the license is granted, and if the court finds that the Administrator had the legal right to establish a ceiling and did not act arbitrarily or capriciously, which means outside the law, then the court is bound to confirm the provisions of the license and

to take it away if there is a violation of it, even though the violation of it seems necessary to keep that business going and, perhaps, keep thousands of men employed.

So we expect to make a motion to recommit this conference report to the conferees with the provision that we strike out licensing. Licensing is not necessary. In order to enforce it the Administrator must go into the court. All right. He can go into the court and ask for orders to show cause why an injunction should not issue. Now, he has a double-barreled thing there. If he asks for an order why an injunction should not issue, he can get a temporary order and the merchant can be compelled to put up a compliance bond. He can get a permanent injunction. He can put him out of business. He can forfeit the bond. He can send him to jail for contempt. He can have him fined \$5,000 or go to prison for a year, under his jurisdiction in this bill. He has got to go into court anyway, so why does he not accept the injunction method instead of the licensing method? He has more to work on in that respect than he does with licenses. Now, all I have asked and all we have asked in respect of review—

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Speaker, I yield myself 2 additional minutes.

All we have asked in respect of the review proceedings—and do not misunderstand this—is that business and agriculture and labor and industry have some place to go to to review these ceilings, the justifiability of the proceedings, the equity of the ceilings, and, at least, there would be a certain psychological effect, and that is in keeping with everything which I think is republican or democratic.

During the review the ceiling stays on. The President very obviously was of the opinion that this review ipso facto removed the ceiling. It does not under the House bill. The ceiling stays there and the Board is given an opportunity to review it and then remove it. What is the psychology of it? The psychology of the Board is this: Mr. Henderson, respecting the fact that there is a board of review which will review his ceilings, undoubtedly will consult with that board before he sets the ceiling. And so we take care of the consulting features of this bill. And after he has made a mistake, if he makes one, it gives business, agriculture, and industry an opportunity to be heard, and invites a correction of the error.

Mr. CASE of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from South Dakota.

Mr. CASE of South Dakota. I notice the statement that the conference report, as agreed upon, does not give the Administrator the power to buy for the purpose of preventing price increases—

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Speaker, I yield myself 5 additional minutes.

Mr. CASE of South Dakota. Or for the purpose of controlling production. Is there any limit in the bill as to the amount, in dollars, that the Administrator can make contracts for in buying or selling?

Mr. WOLCOTT. It is limited only by the appropriations of Congress, because, as I understand, that provision authorizes him to buy and sell; and in that provision, which you will find on page 4, there is an implied authorization, and the only limit on it is the amount which Congress appropriates for that purpose.

Mr. CASE of South Dakota. Suppose he made a contract to buy or sell before Congress made the appropriations. Would not Congress be obligated to make the appropriations in whatever amount he made contracts by his purchases?

Mr. WOLCOTT. I believe Congress would be morally bound to do so.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Kentucky.

Mr. MAY. I was under the impression the licensing feature had been left out of the bill; but what I want to ask the gentleman about is this: With the power that this Administrator will have under the licensing provision, plus the power to go out in the open market under the marketing provisions, would he not, in fact, have power to destroy just any industry or any business that he wanted to, if he desired to shut them down?

Mr. WOLCOTT. He has, and he has done that in the name of economic discipline. He is closing a little factory in my district today up at Port Austin—the Mayes Tool Co. They are forced out of business, although they have ample raw materials to run for months. They are out of business, although that little town is dependent upon that industry. They have done this in the name of economic discipline, and it is expected they will do it again and again and again.

Mr. KOPPLEMANN. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. Yes.

Mr. KOPPLEMANN. I am very much interested in the gentleman's opening statement to the effect that this bill, as reported by the conferees, is very much like the bill as first introduced in July 1941. I was amazed at that statement, to say the least, because I see in the bill as reported by the conferees a considerable difference. Does not the gentleman know that there is a considerable difference?

Mr. WOLCOTT. What has the gentleman in his mind?

Mr. KOPPLEMANN. I have in mind particularly increases in food prices permitted. Is not that a big difference?

Mr. WOLCOTT. Yes; it is a very big difference, a difference with which I am in favor, because at least one branch of our economy in this country is having a little protection thrown around it.

Mr. COOLEY. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. Yes.

Mr. COOLEY. The gentleman made the statement that in all probability the Administrator would confer with the Board before imposing a ceiling. Does the gentleman realize that on former occasions when ceilings have been imposed, as, for instance, the price upon southern timber and upon cottonseed oil, the Administrator did not call his

advisory committee together, and did not confer with it regarding the order?

Mr. WOLCOTT. The difference under this would be that the Board would have authority to set aside the ceiling, and under the situation referred to in the gentleman's statement the Board did not have that authority, so I think the psychology of the House bill would compel the Administrator to confer with the Board, before he sets the ceiling.

Mr. COOLEY. Under what circumstances would the Board have any authority to set aside the ceiling?

Mr. WOLCOTT. Where an inequity was being done, under which a price was set on one grocery in one town, and another price in another town, if one of the grocers considered himself aggrieved, he could come in before this Board.

Mr. COOLEY. Does the gentleman mean that the Board could issue an order that would have the effect of modifying the price set?

Mr. WOLCOTT. Yes; under the House bill.

Mr. COOLEY. Then under the House bill he may have one price prevailing in one store in one section and in another section a different price.

Mr. WOLCOTT. Under the present bill it is not contemplated that we would have a set price on commodities that would prevail throughout the United States. They have the power here to make adjustments, geographical and seasonal adjustments, so that the price of cotton textiles, for example, in one section of the country might be different from the price of cotton textiles in another section of the country.

Mr. COOLEY. The point is that he could have one price prevailing in a grocery store on this side of the street, and on the other side of the street a different price prevailing.

Mr. WOLCOTT. Yes; he surely could. The SPEAKER pro tempore. The time of the gentleman from Michigan has again expired.

Mr. WOLCOTT. Mr. Speaker, I will take 5 minutes more.

Mr. JOHNS. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. Yes.

Mr. JOHNS. I asked a question of gentlemen on the other side, and if I understand them correctly, a man who appeals to the court has no right of injunction to prevent somebody putting him out of business until the court has finally decided the matter.

Mr. WOLCOTT. The gentleman is absolutely correct.

Mr. JOHNS. On the other hand, the Administrator can go into court any time he wants to and put up a bond, so that he could put the man out of business.

Mr. WOLCOTT. The gentleman is correct.

Mr. JOHNS. What about this court that is going to be created?

Mr. WOLCOTT. This court can merely review the simple question of whether the action of the Administrator in setting a ceiling is in accordance with the law. If the court finds that the price was set in accordance with the law, it cannot disturb the price.

Mr. JOHNS. And this emergency court and the Supreme Court of the United States have exclusive jurisdiction of all of these matters. Does a man who lives in California have to come down here to Washington to have his case tried.

Mr. WOLCOTT. It would be possible to compel him to do so.

Mr. JOHNS. It is probable, is it not, that that would be what the situation is?

Mr. WOLCOTT. I think there is a provision in the licensing section which allows him to bring it in any court, and the language is that it may be brought in a court where the violation occurs or where a violator lives.

Mr. JOHNS. That is true where a penalty is inflicted, but where the price is fixed he can try it only before this emergency court and the Supreme Court?

Mr. WOLCOTT. I believe the gentleman is correct, because we cannot imagine that the emergency court of appeals is going to be traveling around throughout the United States conducting hearings.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. AUGUST H. ANDRESEN. Will the gentleman explain to the House why the O'Mahoney amendment affecting agricultural prices was not given consideration?

Mr. WOLCOTT. Because the President did not want it and because the Senate yielded before the House had an opportunity to accept it.

Mr. O'CONNOR. Will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. O'CONNOR. I would like to know if there is anything in this bill or conference report that protects a farmer in a case of this kind: I received an interesting card from a man in my State the other day. He said he had just gone to town and got 20 cents a dozen for his eggs. Then he asked me if I was in the market for a chicken farm. I want to point out that these high prices that the people are paying for the things they have to buy are not due to anything paid to the farmer. In many instances he is getting the lowest price for his products that he received during the past 10 years. In addition to that, I received a letter the other day stating that a farmer had sold some beef at 9 cents a pound over the scales when he went to town, and he bought some beef for his neighbor's supper; he paid 55 cents a pound. You can see what kind of a deal the farmer is getting. Is there anything in this bill that protects these men who produce the things we eat against profiteering by the people who sell to the consumer?

Mr. WOLCOTT. The only protection there is in the bill in that respect is the fact that if a ceiling is placed it must be according to the formula which has been adopted, and that constitutes a floor in respect to those products only which the Department of Agriculture controls. But as far as eggs and dairy products are concerned, I do not see anything in this bill which even encourages a reasonable return to the farmer.

Mr. O'CONNOR. In other words, he has not even been considered at all?

Mr. WOLCOTT. No. I might say that the way the Senate wrote this bill, after all of our talk about the O'Mahoney amendment and the Bankhead amendment and the Brown amendment, and so forth, the Administrator could buy and sell agricultural commodities other than basic commodities, to wholly defeat the purposes of the bill in respect to agricultural safeguards.

Mr. O'CONNOR. Exactly; and that is what he can do under this licensing system.

Mr. WOLCOTT. I am afraid he can.

Mr. AUGUST H. ANDRESEN. Will the gentleman yield further?

Mr. WOLCOTT. I yield.

Mr. AUGUST H. ANDRESEN. The gentleman states that the formula laid down for agricultural prices will be the floor. Does the gentleman imagine that Henderson will raise farm prices above that floor?

Mr. WOLCOTT. I sympathize with the conclusions that these so-called floors undoubtedly may become ceilings. [Here the gavel fell.]

Mr. WOLCOTT. Mr. Speaker, I yield myself 2 additional minutes.

Miss SUMNER of Illinois. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield.

Miss SUMNER of Illinois. In the committee, the gentleman from Texas [Mr. PATMAN] asked him if he would raise prices if there had been a strike and the employer had granted increased prices, and he said in that case he would raise prices. The gentleman from Texas [Mr. PATMAN] then asked him if wages were increased on the farm would he raise the ceiling, and he said no, he would not do it because the wage earner would not get it.

Mr. WILLIAM T. PHEIFFER. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. WILLIAM T. PHEIFFER. As a matter of fact, is there not real danger under the licensing provisions of the conference report, that it can be used as an instrument of persecution as was done in the days of N. R. A., with your local committees fixing maximum prices, and consequently a man will be put out of business just because some of the local men forming this committee say that he is not complying with the law? We will have the same old horrible situation that we had in the days of the Blue Eagle.

Mr. WOLCOTT. I quite agree with the gentleman that that can be done.

I just want to say in closing that I have reason to believe that if this bill is sent back to conference with some indication that this House insists upon there being some restraints upon the activity of the Administrator, some protection given industry, agriculture, and labor, the conferees will be able to work out something which will be satisfactory. In respect to labor, have in mind, Mr. Speaker, that we have a labor provision in this bill, and I respectfully call it to your attention. In the purposes of the bill it says that it shall be the policy of those departments and agencies of the Government dealing

with wages, within the limitations of their authority and jurisdiction, to work toward stabilization of prices, fair and equitable wages, and cost of production.

I do not know how much authority a declaration of policy carries with it, but I think we had better find out before we do anything about it.

The SPEAKER pro tempore. The time of the gentleman from Michigan has again expired.

Mr. WOLCOTT. Mr. Speaker, I yield 15 minutes to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Speaker, "a patriot is a man who won't let anybody loot his country, but sees no harm in getting his share."

There is nothing in this bill regulating wages. Labor organizations have seen to that.

The bill provides full protection for the farmer. The farmers' organizations have seen to that.

Labor asserts itself to be more patriotic than others. Farmers assert themselves to be more patriotic than all others.

"A patriot is a person who won't let anyone loot his country, but sees no harm in getting his share."

These point with some reason to the huge profits made by contractors in this hour of our Nation's peril. So the real patriots must be among the boys who have been "yanked" into the trenches, and the small businessman and his employees, forced to patriotism by action and order of their own Government. This price-control bill is a "travesty of price control" and so recognized.

I might spend my time discussing the details of this bill; that would be easy; he who runs may read; others especially interested may excuse and explain in an endeavor to convince themselves, and perhaps you. It gives some authority to control prices, though grudgingly granted. We would perhaps get a worse bill if recommitted to the committee. Other powerful organizations demanding an umbrella would be loosed upon our Members.

Why are the consumers dumb to their impending danger? Scarce a word have we heard from them. Violent denunciations are plentiful enough in the editorial columns of the principal newspapers. It is of no avail. If a legislator is sent here from a "bean" section, he will—and seemingly must—protect beans. His constituents demand it to be his first interest. Difficult it is for most to sacrifice themselves and their "bean" constituents. If one thinks politics easy, "try sitting on top of a high rail fence and keeping one ear close to the ground."

Mr. HULL. Mr. Speaker, will the gentlemen yield?

Mr. GIFFORD. I yield.

Mr. HULL. I was very much interested in the gentleman's discussion of beans. I wonder if the gentleman would not go a little further and take up the matter of fish.

Mr. GIFFORD. Yes, I will; I have it here.

Miss SUMNER of Illinois. How can the gentleman say there is nothing in the bill tending to depress wages when the

Administrator has the right to fix retail prices, and when he does they will be fixed and the wages will be lowered accordingly?

Mr. GIFFORD. I am at a disadvantage. I can argue with the lady only with my heart, not my brain.

This is rightly termed "a farm relief bill." We have passed many such. We are in complete sympathy with, and control of, the farmers, and they are well and fully organized. Both political parties find they could not remain in power or regain power without them.

They have found and coined the magic word "parity." Soon many other classes of citizens will select a period of their greatest prosperity and demand the same happy condition. This does not present a pretty picture to the ordinary citizen, sometimes termed "the forgotten man."

I trust that I may have a little political sense. I asked that fish and fishermen be granted about the same consideration as the farmers. This was most cheerfully granted. However, no fishermen or fishermen's organization appealed to me. I fancy they are really most patriotic. I know they are. But, of course, I should be expected to watch over their interests when others are getting theirs.

Mr. MURRAY. Mr. Speaker, will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. MURRAY. Does the gentleman realize that in this bill they have put a \$1.55 strait-jacket ceiling, over a large group, the big group of dairy farmers in this country? And yet the farmers in Massachusetts still are enjoying the benefits of a \$3.25 ceiling on their milk without any control over it.

Mr. GIFFORD. I am a farmer and I have now decided to enlarge those activities. If milk has the advantage the gentleman says it has, perhaps I will go into the milk business. I will plow up some 12 acres more. At least the farmers are going to be protected. I am sorry if we have any advantage over you, but if we do make any money, we will lend it to you western boys, as we generally have done.

Mr. MURRAY. I do not doubt that.

Mr. GIFFORD. The conference committee was very considerate. Several suggestions made by me were adopted. I have deep affection for each member. Lack of administration support prevented any real action on wages.

Only a weak statement of policy was placed in the bill. With wages having a free rein, the farmers had good reason to demand protection. The control of all prices, wages, and finance is of equal importance. No suggestion is made that any control will be sought except as to commodities. This has aroused a great fear "that any price-control bill will be useless" if limited to commodities only.

What other result could be expected than this travesty of a bill? Why give veto power to the Secretary of Agriculture? Why not give veto power to others? Give oil to Ickes! Give industrial products to the Secretary of Commerce! Why not? Is Henderson to be trusted in one more than the others?

I spoke of Mr. Henderson some weeks ago when I made an address here on this subject. He was treated rather roughly before our committee. I helped to do it. I was not impressed favorably heretofore; but he certainly won me over, and I am glad to confess it. I think, however, he will change somewhat his viewpoint. I think he has been told by business that it fears him. They distrust him, with good reason, from his past persecutions. But he has assured us that he will be reasonable. He has convinced me that he has real ability. He convinces me in that, like the President of the United States, much as I have criticized them both—that we should at this particular time thank God that we have two men who are willing to take full responsibility. The gentleman from Michigan [Mr. Wolcott], like myself, is interested in many features of this bill. We are minority members on the committee. I do not always agree with him, perhaps for the reason that when two men always agree, one is unnecessary. He brought in the bicycle anecdote this morning. That was good publicity, really. I have difficulty in criticizing Mr. Henderson in this matter. I think, myself, I would prefer that type of bicycle. The old bicycle built for two was not as good as his. What a thrill to lift her into that basket. But it was a good publicity stunt. It drew attention to the man. The worst thing is not that people will talk about you but that they will not talk about you. He says he will administer the act with reasonableness. I believe him. I am ready to approve him as Administrator. I have confidence in him. He has been much abused. There have been many whisperings about him, without sufficient support of proof.

But this licensing business, "Compulsory loyalty will crack sooner than the genuine kind." During the last World War it was loyalty by cooperation. They had licensing, yes, on food products and on fuel, but little of anything else. If the licensee was punished, it was only a slap on the wrist. If he would contribute to the Red Cross he was forgiven. I have a compiled brief on the licensing methods that I could go into at length. An hour would be necessary to properly discuss it and to recite the experiences of ours and other nations. Canada now has it. Let me read to you their statement of policy. These restrictions are not designed to curtail business operations in any way. But by placing every person who in any way handles the commodities named in the order under license, the Board will have the machinery with which to make speedy checks on available stocks and to police more effectively any price-fixing order which may be instituted.

I have often posed the question, "If Chrysler continues to disobey, will they take away his license and throw some 25,000 men out of employment?" If a person disobeys, I want him punished, but I do not want his employees punished. I do not want that store closed that the community relies on. Licensing should be a last resort. It is to me a damnable contrivance. You can surely

and easily frighten a person with the fear of losing his business. You should punish him, but do not take away his right to carry on. Therefore I have opposed this method of punishment which, unless most sparingly used, the public could not approve. This bill provides, of course, that one could seek the courts for remedy. Some claim that two-thirds of the curse of this feature is removed because one could rely on the judgment and leniency of the court. It is suggested that the court would probably suspend his license for perhaps only 3 days. Oh, yes; that whole law must be administered with reasonableness to be successful. Relating to the matter of a board, I supported my colleague the gentleman from Michigan, and I shall still support him; but, after all, I would prefer a board to act before a decision is made, and I want a board to make the diagnosis. I do not care much about an autopsy. I had secured an amendment to this bill that I thought to be in this conference report, relating to validating contracts made in accordance with Mr. Henderson's ceiling prices made before the enactment of this legislation. It does not appear in the form I expected. I hope this will be remedied this afternoon in the motion to recommit. The saving clause in this bill does not seem sufficient in this matter. I want those who have made contracts under Henderson's previous orders to be protected. I do not want the purchasers to be jeopardized by the threat of litigation. But that protection seems to have been eliminated from this report. I am both surprised and disappointed. I needed to have been watchful of that hasty action of rewriting in order to bring the bill in the following day.

Mr. MURRAY. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Wisconsin.

Mr. MURRAY. I have not got the answer to my question why the farmers up in Massachusetts and Connecticut and all other places that have a protection of three or four dollars a hundred for milk, while the rest of the farmers get only \$1.55 a hundred for their milk. It is a fair question, and it deserves a fair answer.

Mr. GIFFORD. I do not know. Is not that a good answer? A boy once answered 10 questions. To all of them he replied, "I don't know." He received 100 percent. He answered them all correctly.

I have this report marked up for comments on its details. I might wish to speak of several sections, such as transfer of functions. We can transfer the functions that Henderson will have from him, but he is greatly limited in functions that can be transferred to him. You may take away from Henderson but you hesitate to give him anything. Agriculture surely does distrust him, as indicated throughout the bill.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. GIFFORD. Mr. Speaker, after reading section 3 carefully, you may agree with the commentator that it provides

an "economic heaven" for the farmer. In many sections it reads, "Nothing in this section shall affect the provisions of section 3"—make yourself fully acquainted with this sacrosanct section 3.

I have complained a good deal on this floor. I have made many speeches representing the Expenditures Committee supposed to watch Government expenditures. May I now say that no discouraging prediction that I have ever made has been frightening enough; whether it has been on the size of the public debt, the lowering of the morale of people, or other trends. I can now reread those speeches which you once thought so vituperative, and I realize how mild my suggestions have been. I again pay my respects to the New Deal. If we keep on as we are going, like the march of women's apparel the New Deal will become the "nude deal." This Price Control Act will do little to prevent the spiral of inflation plainly now to our view. Consumers will be gradually stripped to that nude condition referred to.

Mr. PATMAN. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Texas.

Mr. PATMAN. Under section 3 to which the gentleman has referred, if the farmers were to receive the highest prices permitted they would not earn more than 25 cents an hour for the hardest kind of work. Is the gentleman willing for them to receive that much?

Mr. GIFFORD. I am willing for them to receive as much as they should. Suppose we all go into farming. Let us raise vastly more food than we can use or sell. Then let the Government, by relief or subsidies, challenge the laws of supply and demand and of the great Creator himself.

[Here the gavel fell.]

Mr. WILLIAMS. Mr. Speaker, I yield 5 minutes to the gentleman from Kentucky [Mr. SPENCE].

Mr. SPENCE. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include therein a statement entitled "Parity Prices: What They Are and How They Are Calculated," prepared by the Department of Agriculture.

The SPEAKER pro tempore (Mr. COOPER). Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. SPENCE. Mr. Speaker, this bill is a restrictive bill. It restrains men from the exercise of the ordinary liberties they may have under the Constitution of the United States. It, I have no doubt, will be an unpopular bill but it is a necessary bill.

I do not tell you it is a perfect bill. I do not tell you it might not be improved upon. However, the meeting of the conferees proceeded by conciliation and concession, no one of the conferees got all he wanted, it was a question of give and take, and I think we have arrived at the best bill that could be agreed upon under the circumstances.

I know that many people will feel that some of their rights and liberties have been taken away from them, that they have been oppressed by their Govern-

ment because of the enforcement of this bill.

No man e'er felt the halter draw,
With good opinion of the law.

This bill or some similar bill must be passed to prevent a catastrophe beyond the imagination of the people of America.

Mr. COOLEY. Mr. Speaker, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from North Carolina.

Mr. COOLEY. Can the gentleman give the House any reason for his statement as it may apply to farm commodities? Has he any reason to believe that the major agricultural commodities under the present law could possibly reach inflationary prices?

Mr. SPENCE. Let me tell you something about the agricultural provisions of the bill. Some gentlemen have wanted the O'Mahoney amendment. Let me answer them by reading part of a resolution of the American Farm Bureau Federation:

We deplore efforts that are being made to raise the parity prices of farm commodities through a revision of the formula upon which parity prices are determined. If these efforts are successful, the sound and defensible basis of present parity, which is intended to give farm commodities a price structure representing a fair exchange value with products of industry, would be destroyed, and agriculture would be breaking faith with the masses of the people.

For years agriculture has endeavored to establish a parity that is now firmly imbedded in the national law. The conservative agricultural organizations feel that if you depart from that now you weaken the agricultural position.

What is parity? A great many of our friends talk about parity as a price. Parity is a relationship. As the price of consumers' goods rises, the price of farm products is bound to rise in proportion to the rise in the price of consumers' goods.

The 110 percent of parity that is provided in this bill will, in my opinion, eventually supplant the 1919-29 provision, the October 1 provision, and of the December 15 provision, or the other provisions in the bill, because the farmers, it seems to me, are amply protected by this provision.

I saw this morning in the newspapers that Secretary Wickard said he did not believe the 110 percent of parity as provided by the bill should be passed but thought 100 percent of parity to be the proper figure. If the friends of the farmers think this is too favorable, how can the farmers feel they are not getting a fair deal under the provisions of this bill?

We have in the original bill as one of the bases of price October 1. Many commodities did not have any market on October 1. Tobacco, in which the gentleman from North Carolina is interested, had no market on October 1. We placed December 15, 1941, as one of the base periods for agricultural commodities, as this would establish a market price for Burley tobacco and some other commodities and give them the same privileges as other agricultural commodities had under this law.

Mr. Speaker, the statement prepared by the Department of Agriculture on parity prices, to which I referred at the beginning of my remarks, is as follows:

PARITY PRICES—WHAT THEY ARE AND HOW THEY ARE CALCULATED

The original definition of the parity device or principle is in the Agricultural Adjustment Act of 1933, which declares that it is the policy of Congress, among other things, to "reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period. The base period in the case of all agricultural commodities, except tobacco, shall be the prewar period August 1909 to July 1914. In the case of tobacco the base period shall be the post-war period August 1919 to July 1929."

While this formula has been amended and reenacted several times since 1933, it has not been essentially changed except that allowances for interest payments per acre on farm indebtedness, secured by real estate, and tax payments per acre on farm real estate have been added to the purchasing-power calculations for all commodities for which the base period is 1909-14, and the base period for burley and flue-cured tobacco has been shifted to August 1934-July 1939.

With this general parity formula in mind, we may now consider its meaning and the method by which parity prices are actually calculated. Essentially the parity device is simply a relationship or exchange ratio between prices paid by farmers and prices received. It applies only to those items for which the farmer pays cash and for which prices and rates can be rather easily determined, and to those items that the farmer sells for which prices can also be rather easily determined. It is not a cost-of-production or standard-of-living formula, except to the extent that it is devised to give farmers prices and farm families incomes that have the same relative purchasing power when compared with nonagricultural prices and the incomes of nonfarm families as existed in the base period.

Simply stated, the steps or methods used in calculating parity prices for agricultural commodities are:

(1) A base price is determined. For most commodities this is done by averaging the prices reported by farmers to the Department of Agriculture for the 60 months beginning August 1909 and ending July 1914. The average price of cotton during this period, for example, was 12.4 cents a pound, while wheat averaged 88.4 cents a bushel.

(2) An index of prices paid, including taxes on real estate and interest paid, is calculated. To begin with, the prices of 86 items used in family living and 88 items used in farm production are collected. These items include clothing, household supplies, food, furniture and furnishings, building materials, automobiles, trucks, tractors, gas, oil, and tires, feed, farm machinery, fertilizer, general equipment and supplies, and seed. The necessary data on real-estate taxes and interest on indebtedness secured by farm real estate are also included.

In computing the indexes of prices paid for commodities used in living or family maintenance and commodities used in production, the estimated quantity of each commodity used by farmers is used to weight both the prices paid in 1910-14 and current prices in order to obtain the necessary ratios or indexes of prices paid. The tax and interest data are calculated as rates per acre and converted into index form. This procedure gives an over-all index of 143 for November 15, 1941, which means that farm-commodity prices would need to be 143 per-

cent of the base prices in order to have the same purchasing power as in 1909-14.

(3) The third step in calculating parity prices is to adjust the base-period prices by the index of prices paid, interest, and taxes. That is, the base-period prices are multiplied by 1.43 to calculate the parity prices for November 15, 1941. The parity price for cotton, for example, is 143 times 12.4 cents, or 17.73 cents a pound; and the parity price for wheat is 143 times 88.4 cents, or 126.4 cents a bushel. These parities compare with actual prices received of 15.78 cents a pound for cotton and 93.4 cents a bushel for wheat as of November 15.

Parity prices, of course, change as the index of prices paid, interest, and taxes change—that is, parity is a relative rather than a fixed-price concept. In fact, the parity index has been steadily rising since last spring. A year ago the index of prices paid, interest, and taxes stood at 127 percent, and a month ago at 141 percent of the 1910-14 level, as compared with 143 percent on November 15.

For several commodities, chiefly fruits and vegetables, which have only recently come into general use or for which earlier data are not available, the base period is August 1919-July 1929, or that part thereof for which satisfactory statistics are available, while for burley and flue-cured tobacco, as already mentioned, the base period is August 1934-July 1939. Parity for these commodities is calculated in exactly the same manner as for other commodities, except that allowances for interest and taxes are not included. Prices for burley and flue-cured tobacco, for example, averaged 22.2 cents and 22.9 cents a pound, respectively, in 1934-39. Adjusting these base prices for increases in prices paid by farmers gives parity prices of 25.1 cents a pound for burley and 25.9 cents a pound for flue-cured tobacco on November 15.

Parity prices calculated according to the method just described are published every month by the Department in its Price Report, which also carries prices received by farmers on the 15th of the month. The index of prices paid, interest, and taxes, it should be noted, does not include any allowance for sums spent for farm labor. Farm wages on October 15 were 165 percent of the pre-war average, and the current parity index would be raised about 3 points if an allowance for wage rates were included. Wages cannot be included without a legislative amendment.

Mr. WOLCOTT. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Speaker, in all seriousness, I am greatly disappointed today, but I would not have you believe I am disappointed with the conferees that handled this bill. I think altogether they did a good job. I am disappointed in the Congress of the United States and its failure, along with the support of the administration, to bring to this final hour a bill which would prevent inflation in the cost of living, in the cost of conducting war, and in the other economic pursuits of our people.

In my opinion, this bill misses the mark. It goes entirely outside the target. I voted against the bill when it was reported out of our committee. I voted against it on the floor when it passed the House, because I felt deep in my heart at that time that when the final showdown came the administration would not face the political issue and permit being placed in the bill the fiscal and monetary and credit controls which must be dealt with in order to prevent inflation and a spiraling of prices upward. All my fears have been justified.

Last evening I listened to Mr. Walter Winchell. He announced that he would make a statement from Washington. As I recall, he said, "This is exclusive." Then he quoted a statement which Mr. Henderson had made to him for Mr. Winchell to make over the radio on his Sunday night broadcast, in which Mr. Henderson said that this bill will not prevent an increase in prices. Thus Mr. Henderson has established a perfect alibi for all of his future failures in administering this bill.

If this bill, administered in its present form, will not prevent an increase in prices, why do we bring it here at this time and why do we pump it off on the people of this country? It seems to me we are making an intellectually dishonest approach to our people. I think we have miserably failed as a Congress in this approach, and as an administration in doing what the times call for. God help our people in their sufferings under our folly.

I am very sorry that the bill is in such form that I cannot support it; and I will not support it. I will vote to recommit the bill, and then if there is a vote on agreeing to the report so that the bill will become law, I shall vote against that and take my chances with my people, whatever they may be. Our people die for lack of leadership. Their civilian rights and liberties are slipping away one by one and through our support. The state each day becomes more supreme and the people lose more of their historical power.

Mr. WOLCOTT. Mr. Speaker, I yield 2 additional minutes to the gentleman from Michigan.

Mr. PRIEST. Mr. Speaker, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Tennessee.

Mr. PRIEST. I appreciate very much what the gentleman has said and I appreciate the position he has taken with reference to this legislation all along. I supported and I believe the gentleman supported the Gore bill, which embodied the Baruch plan, when it was before the House earlier, during the latter part of the first session of this Congress. Does not the gentleman believe today that if we could have adopted the Gore bill as it was then before the House it might have been the solution we seek?

Mr. CRAWFORD. Had the Gore bill carried the monetary and the fiscal and the credit-control features, I think it would have been just about as ideal as anyone could have designed, but at no time—and I want to repeat this because I feel it very keenly—at no time has the administration been willing to bring under control the wage ceiling, the monetary factors, the credit-control factors, and the fiscal-control factors which must be controlled, if inflation is to be prevented. Anyone who carefully studies our fiscal problem must realize if we would deflate our buying power by greater taxes and bond purchases, we would accomplish much toward a prevention of inflation.

Mr. PRIEST. I quite agree with the gentleman.

Mr. CRAWFORD. And I regret we did not do the job and go all the way necessary. To now contend we should approve this proposal and look forward to a future time to amend and doctor up the mistakes here made, does not appeal to me.

Miss SUMNER of Illinois. Mr. Speaker, will the gentleman yield?

Mr. CRAWFORD. I yield.

Miss SUMNER of Illinois. I would like to ask the gentleman, whose opinion I think all of us value, if he thinks it is possible to control the cost of living until you control retail prices.

Mr. CRAWFORD. No, I do not; and I think this bill is going to prove to be a travesty on all of our economy and is going to create more chaos than it will help avoid.

Miss SUMNER of Illinois. I would like to ask the gentleman another question, which is the same question I asked the gentleman from Massachusetts [Mr. GIFFORD]. Does not the gentleman believe that if we fix ceilings on retail prices, that would keep wages and farm prices down?

Mr. CRAWFORD. If you will fix them and hold them.

Miss SUMNER of Illinois. That is what I mean.

Mr. CRAWFORD. But if you are going to readjust them every time a little pressure comes along, what good does it do?

Miss SUMNER of Illinois. I thank the gentleman.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Speaker, it becomes increasingly evident that we are not going to have nearly sufficient time to discuss this report. As I understand, I have about 19 minutes remaining and I have requests for over 40 minutes in addition to that. I ask unanimous consent that the time be extended for another one-half hour.

The SPEAKER. The Chair cannot entertain that request in the absence of the gentleman from Alabama.

Mr. WOLCOTT. I withdraw the request until the gentleman is on the floor.

Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. DEWEY].

Mr. DEWEY. Mr. Speaker, I would like to draw your attention to section 2 of the conference report. In this section are the various items that are to be taken into consideration by the Administrator in the licensing provisions. Among them are speculative fluctuations, general increase or decrease in cost of production, distribution, and transportation, and now, mark you, "a general increase or decrease in profits earned by sellers." I would like to ask when was that situation ever discussed in any of the hearings of the Banking and Currency Committee or where in this bill or in the definitions does the word "profits" appear? Under "definitions" we go to some extent in describing what are "sales," what are "prices," the term "commodity," the term "defense rental area," the term "defense area housing," "rents," "maximum prices," and so forth, but never a word about "profits." Yet in setting or granting licenses, "profits" may be taken into consideration.

Now, do we want to turn over to the hands of the Price Administrator the profits that may be made by an industry on which taxes will be based? What is the future of our economic system, what is the future of our tax system and Federal borrowings if the control of the national income is to be spread around in various agencies of the Government? Taxes and profits from which they come are a consideration of the Treasury Department and the Ways and Means Committee. I believe profits have no place in a price-control bill which is supposed to control inflation.

There is one other item I would like to mention.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield on that point?

Mr. DEWEY. I yield to the gentleman from Michigan.

Mr. CRAWFORD. I think the only place in the entire hearings before the House Committee where that was contacted in the least bit was when Mr. Tolley was before the committee and the question of margins came up and we just shifted away from it just like a duck missing a blind that he has spotted. To me it strikes at the very foundations of our economy and proceeds to put us under the absolute control of the State, and I cannot understand why in the world we will support it.

Mr. DEWEY. I would like to call your attention to another section, and I particularly wish the attention of you gentlemen who are interested in the agricultural parts of the this bill.

Here are two items which are definitely in conflict one with the other. I call your attention to section 3 (c):

Notwithstanding any other provision of this or any other act, no action shall be taken under this act by the Administrator or any other person with respect to any agricultural commodity without the prior approval of the Secretary of Agriculture.

Now, let us go over to section 201:

Notwithstanding any provision of this or any other law, no powers or functions conferred by law upon the Secretary of Agriculture shall be transferred to the Office of Price Administration or to the Administrator, except powers and functions relating to priorities or rationing.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Speaker, I yield 2 minutes more to the gentleman from Illinois.

Mr. DEWEY. Mr. Speaker, I ask which of those two sections is going to take priority over the other. Can the Price Administrator take over from any other division of the Government certain powers? The bill says, "notwithstanding any other law" and so again in a prior section it says, "notwithstanding any other law." Which takes precedence, and when? Let us take sugar, as an example. There are priorities on sugar today. Has the Secretary of Agriculture lost all control over sugar? Under section 201 (b) of this bill, he has. The price of sugar may be put anywhere the Price Administrator may decide. The point is this. There are many conflicting ideas in this bill that will cause trouble. There are too many powers without controls, in the hands of one

man, and I feel that our desire to have a workable price-administration bill, which will hold prices, will not be accomplished unless this bill is given further study.

Mr. WILLIAMS. Mr. Speaker, I yield 3 minutes to the gentleman from Connecticut [Mr. KOPPLEMANN].

Mr. KOPPLEMANN. Mr. Speaker, for the better part of 8 years some of us have gone along on measures which received adverse criticism from the minority and adverse criticism from some parts of the country. Great fears were placed in the minds and hearts of people that those measures were bad. But after the legislation was adopted and put into effect, in the main it was found beneficial to the individual and the Nation as a whole. I have no great fear about the measure before us. But it is not the bill that this Congress should have enacted during these perilous times.

The measure has two purposes: Price control and the prevention of inflation. Neither purpose will be adequately served by the bill we are adopting. We are supposed here in this House to serve a great democracy in a democratic fashion, yielding to the will of the greatest number in our Nation. The greatest number approved the bill that was originally offered the Congress. That bill sought to protect the welfare of the greatest number. But we have yielded to the selfish wishes of small segments of our population.

Mr. MURRAY. Mr. Speaker, will the gentleman yield?

Mr. KOPPLEMANN. No. I have only 3 minutes. We are at a point in our history where we cannot consider the few, to the detriment of the many. Unfortunately, this bill does exactly that. Like many in this House, I am not satisfied with this measure which has come out of the conference committee. I was not satisfied with the bill which came out of the Committee on Banking and Currency. Were the times less perilous I would not support this make-believe measure for price control. But I must be practical in this hour of our greatest need; I will take the half loaf offered by the conference report, rather than get no loaf at all.

Mr. WOLCOTT. Mr. Speaker, now that the gentleman from Alabama [Mr. STEAGALL] has returned to the floor, I renew my request that the time for debate upon the conference report be extended for 30 minutes, to be equally divided.

The SPEAKER. Is there objection?

Mr. STEAGALL. As I understand the request, it is for 30 minutes additional, to be equally divided between myself and the gentleman?

Mr. WOLCOTT. Yes.

The SPEAKER. Is there objection?

There was no objection.

Mr. WOLCOTT. Mr. Speaker, I yield 3 minutes to the gentleman from New Jersey [Mr. KEAN].

Mr. KEAN. Mr. Speaker, I favor the Review Board which was provided by the House bill. Why ask business to make all the sacrifices?

This bill will not prevent inflation. On the contrary, it might be said to encourage inflation for those items which make up the largest part of the working-man's budget.

It is surprising that the administration has allowed it to come to us in this form for final passage. Their half-hearted protests cannot be taken seriously. Deeds by the strong administration majority in both Houses speak louder than words. The responsibility for a further rise in the cost of living is squarely on them.

In these days, when we look for national unity and sacrifices by all, the surrender of the majority to pressure blocs is lamentable.

The form in which we have this bill presented for final passage proves how right were those of us who voted last November for an over-all ceiling.

In a speech here then, I stated that the present bill would not do the job. Today I see Leon Henderson agrees as to this—but he gave no help at that time to those of us who tried to get truly effective legislation.

In spite of its weaknesses, I will probably vote for this report if we fail to recommit it, for price control is essential, and I feel that some price control is better than no price control at all. But those who suffer when living costs rise should remember to place the responsibility where it belongs—at the door of the administration and its majority in both Houses.

Mr. WILLIAMS. Mr. Speaker, I yield 5 minutes to the gentleman from South Carolina [Mr. FULMER].

Mr. FULMER. Mr. Speaker, as a farmer actively engaged in producing and selling farm products, and as chairman of the great Agriculture Committee of the House, being deeply interested in that most patriotic group, the farmers of the country, I want to take advantage of this opportunity to challenge the statements made in Congress and out of Congress, especially many editorials carried in the large newspapers of the country, newspapers representing the large cities and the industrial areas of this country.

From day to day, especially in these newspapers, the statement is made that the thing which is destroying consumers is the price received by farmers for their products. This is the most ridiculous, unfair, and outrageous statement ever made by anyone.

Those who are engaged in making such statements either do not know what they are talking about or they are definitely under the influence or the control of those groups who simply want to continue to graze on the farmers.

I would like for someone to name a single group other than the consumers who are not absolutely grazing on the farmers of this country.

Farmers today are marketing their farm products under an old, wasteful, and disgraceful marketing and distribution system. I want to ask you seriously how long would General Motors, the International Harvester Co., or any other manufacturer or dealer last if they had a marketing and distributing system like the farmer.

Manufacturers not only control their production in line with demand and the purchasing power of the consuming public but they absolutely control the marketing and distribution of their prod-

ucts when and where needed, and they actually fix the price.

You can take it or leave it.

Farmers operate as individuals; very few of their products are properly graded—in fact, in most instances they have to accept the grading of the buyer. They have no say-so whatsoever over the marketing and distribution of their products or the prices that they receive for same.

The type of marketing and distributing system used by farmers today have thousands of middlemen, many of whom are nothing but real parasites, sapping the very lifeblood out of farmers and consumers. But you never hear anything about that.

Let me give you just one concrete case: A few months ago I shipped some beautiful beans from my farm in South Carolina to Washington. I received 5 cents per pound, and the same beans were selling to the consumer here in Washington at 17½ cents per pound.

Do you think that I, as a farmer, was destroying the consumer?

My friends, to me it is pitiful. I want those of you who represent the industrial areas and large consumer districts to listen to me. It is not the prices that farmers receive for their products that are destroying the consumers, but, as stated, it is the retail price, which contains many additions and profits added thereon between the farmer and the consumer. But you never hear anything about that.

I challenge you to join with me in passing legislation creating an up-to-date marketing and distributing system from the county through State and National marketing agencies whereby we may be able to weed out these parasites, none of whom are producing a living thing.

Time and again I have had this matter up with the Department of Agriculture, but it is impossible to get action.

Many of the departments here in Washington, like many members of Congress, are under the influence and control of these selfish groups.

We talk about high farm prices. I want to state to you that during all the years that I have served in Congress, doing everything possible to be helpful, that the first time farmers have received anything like what we call parity prices has been during the past few months since the passage of the 85-percent-parity-loan bill by my committee.

It is a strange thing to me that most any other group in this country can come to the Congress and get whatever legislation they want: The Tariff Act, purely in the interest of manufacturers, costing consumers and farmers millions annually; the price-fixing act for the coal industry; wage-and-hour legislation that has increased the wages of textile employees from 12½ cents to 40 cents per hour; the Fair Trade Practice Act, which is nothing but a price-fixing act. Under this law Congress gave to certain manufacturers of this country who sell trademarked goods, or goods with their name labeled thereon, the absolute right to not only fix their price, which includes millions in advertising, in salaries, and everything else, but the actual right to fix

the retail price through the retailer to the consumer; you can take it or leave it.

How about the Interstate Commerce Commission? Why, they have succeeded in having legislation passed taking over the regulation of not only the railroads of the country but bus, truck, and water transportation. Why, just a few days ago they gave to the railroads a 10-percent increase in transportation rates, and I can assure you that the days will not be many before there will be an increase in freight rates, and at a time when perhaps they are making more money than they have ever made. But you do not hear anyone making any statements or you do not see any editorials in the papers as to what these things are doing to the farmers and the consumers.

During the past months these same newspapers, day in and day out, have had much to say about labor strikes, what labor was doing to destroy our national defense program, and I am one who believes that something should be done about it, but you have not seen a single editorial giving the actual facts to farmers, consumers, and the taxpayers of the country as to just what these large monopolistic groups, manufacturers, and contractors, have been doing in the way of grabbing everything in sight, including outrageous profits, at the expense of the consumers and the taxpayers of the country. I charge that the price-fixing outfit under Leon Henderson is loaded with the representatives of industry and business, many of whom have resigned their positions for the purpose of taking care of, to the fullest extent possible, the interests of those that they represent or that they are interested in.

The pulp and paper industry is making more money at this time than ever in the history of its existence, in the meantime, they are being permitted to rob our farmers out of their pulp wood, which is one of the greatest resources we have, as well as being permitted to pay starvation prices to those who accumulate and sell waste paper. Tons and tons, at least 75 percent of the total amount, of newsprint used in this country come from Canada duty free, as well as millions of tons of wood pulp, duty free, all of which as stated tends to fix the price of the farmers' pulpwood at a time when he is sadly in need of purchasing and debt-paying power, on a starvation basis.

Certainly you never hear the newspapers saying anything about this.

I want to say a word about this bill. Perhaps the bill does not contain everything that we would like to have in the bill, however, I believe it contains the best provisions dealing with farm prices that we will be able to get at this time.

In reply to my question a few moments ago by the chairman of the committee, the gentleman from Alabama [Mr. STEAGALL], he stated that Mr. Henderson could not interfere with farm prices by selling farm commodities for the purpose of depressing the price or in fixing a ceiling thereon until prices had advanced beyond 110 percent of parity prices. It is understood that from time to time the Secretary will have the right to name parity prices which will

be accepted by Mr. Henderson. Under this arrangement, based on the present parity price of cotton, the price would be permitted to advance to 21½ cents per pound before Mr. Henderson would begin to do anything about it. While I do not believe that parity prices suggested by the Secretary of Agriculture are fair I do not know of anything that we can do about it unless and until we pass legislation establishing a real formula to be used in working out parity prices which will take into consideration every item of cost and a price which will give to farmers a just proportion of the national income. I expect to vote for the adoption of the conference report.

Mr. GIFFORD. Mr. Speaker, I yield 5 minutes to the gentleman from Wisconsin [Mr. HULL].

Mr. HULL. Mr. Speaker, when this bill came before the House I was among those who opposed it. I urged at that time an objection, which has not been remedied by anything that has been done in the other body or in the conference committee, that is, that this measure provides a system of cost of production plus profit for all manufactured commodities, and merely puts a ceiling on the prices on farm products. In other words, if this bill were to pass in the form it is in today, the Administrator of the Price Control Administration would not be able to drop the prices of industrial commodities which this bill covers so that they would be less than cost of production plus a profit to those who produce or distribute them. There is only one instance in this bill where there is any such guaranty for agricultural products, and that is regarding the milk marketing agreements.

The milk marketing agreements will be kept inviolate as far as this measure is concerned. As a matter of fact, the consumer in Washington, for instance, will continue to pay 14 or 15 cents, or he even may pay 20 cents a quart, and the farmers of Virginia will get not less than \$3.56 per 100 pounds for their milk, while the Midwestern farmer who produces milk of just as good quality will be compelled to take, if Mr. Henderson so directs—and I assume that he will—not to exceed \$1.55 per 100 for the same grade of milk at creameries at which the cream is made into butter. That is one little glaring example of the injustice of this price-control plan.

There is another reason assigned as to why we must pass some kind of price-control bill. That is, we will have inflation unless we do. Well, we are going to have inflation whether we do or not. The object of this bill, so far as the sponsors outside of the House are concerned, so far as the metropolitan press is concerned, is to put a ceiling on food prices. In 1940 the farmers of this country, comprising about 23 percent of the population, received about 10 percent of the national income. There was an increase of income for 1941. The national income has grown to approximately \$100,000,000,000. In 1941, with all the so-called price increases, the farmers, representing 23 percent of the population, also received about 10 percent of the national income, and the other 90 per-

cent of that increase, amounting to some \$27,000,000,000, went to the nonfarming population. So, if there is inflation, and I think there is, and if there is going to be more inflation, and I think that there will be, you can see how little the farmer is going to share in the advance of national income.

I would like to call attention to this fact, that with all the endeavors of the farmers to insure our ample food supply, the Department of Agriculture has its agents busily engaged in urging the farmers to produce more and more food for our own purposes and for the nations to which we are to send food under the lend-lease program. The Department issues frequent statements as to the great work the farmers are doing toward winning the war. The farmers have not fallen down on the job. But farmers are facing new and additional difficulties. The problem as to obtaining hired help grows constantly more acute, and particularly so on dairy farmers. They also are finding that in the priorities orders they are handicapped to maintain their facilities for production and for getting their products to processing plants. Every day increases their own problems, and work as they will, and do, to keep up the pace demanded of them, they must receive prices which will enable them to carry on. Fixing ceiling prices on dairy products, for instance, without such products reaching the ceiling, is discouraging. Farm wages cannot compete with the high wages now being paid elsewhere. Ceilings on farm prices will mean eventually, as inflation continues, a bar to production.

In 1939, the last year for which we have the figures, there were 2,962,656 farmers in the United States who had an annual income of less than \$1,000, out of which to pay all expenses, including taxes, interest, depreciation, and all other operation costs. There were over 2,000,000 more farmers who had an income of less than \$500 a year. If this bill goes through, the object and the purpose will be to hold those farmers down to that kind of income at a time when you are asking them to increase production, at a time when many are leaving the farms and are going into defense areas, into the war-program projects and industries where wages are running from \$1 to \$1.50 an hour, or \$8 to \$10 per day. They are being forced by necessity to leave their farms and cease agricultural production. Compare the annual income of the farmers with such incomes in other fields, is it surprising that they are moving from the farms to towns to become industrial workers?

Last year, corporation dividends amounted to over eleven billions of dollars, an amount at least \$1,000,000,000 more than the total farm value of all farm production. This measure will even protect that large dividend structure. It sets no ceilings on dividends nor on profits. It in no way restricts the huge salaries running into hundreds of thousands of dollars for officials of corporations which are making hundreds of millions in war profits. The reports of the Truman and Vinson committees indicate the volume, if not the extent, of such

profiteering. If there is inflation, it is due more to such large financial gains than to any prosperity of farmers.

The farmers receive only 42 cents of the average dollar paid by consumers for foods. The other 58 cents are added on the way from the farm to the consumers' tables. Gigantic monopolies, some of which are under indictment and others which ought to be, reap large profits from the trade in foodstuffs. Nothing in this bill will serve to lessen costs to the consumers so long as such monopolies can continue such practices. Their cost-plus-profit systems are protected. Only the prices the farmers receive can be lowered by bureau regulations. In brief terms, the farmers who get the smaller part of the prices the consumers pay are to keep on producing under additional difficulties, while the monopolistic organizations are to continue to pile up larger profits and pay larger salaries to their top-salary people.

It is to be hoped that a vote to recommit the bill will prevail.

[Here the gavel fell.]

(Mr. HULL asked and was given permission to revise and extend his remarks.)

Mr. GIFFORD. Mr. Speaker, I yield 2 minutes to the gentleman from Iowa [Mr. GILCHRIST].

Mr. GILCHRIST. Mr. Speaker, in 2 minutes I want to second, if I can, the remarks made by the chairman of my Committee on Agriculture.

The farmers are getting little or no increase on whatever may be sold in the grocery store or the meat market. They are not responsible for any high cost of living.

They never sell anything. They haul their grain or produce to market and ask the dealer to please give them something for it. Then they take whatever the dealer or handler will allow them. Farmers do not sell. On the contrary, they accept what is given them. Local dealers are not responsible for this—speculators and city markets are.

How would an increase affect you folks in the cities? I have in my hand the menu from the House restaurant. Perhaps some of you have seen it before. All right. Sirloin steak is listed on this menu at \$1.50 per portion. If you raise the price of beef out on my neighbor's farm in Iowa about \$1 a hundred—and that is about all the bill will do and about all anyone has asked for—it will raise the cost of that order of steak one-half cent and it should not cost you more than \$1.50½. An extra half cent only would be added. Jumping Jehosaphat, folks, is not that awful. Do you know what that is going to do? That is going to cause unlimited inflation. So we are told by city manipulators and writers. What silly rot such an argument is.

I have here a package containing what the restaurant serves as a wheat cereal product called Pep. Wheat is sold in this form at the rate of \$25.60 a bushel, yet the farmer is getting not more than \$1.10 or \$1.20 per bushel for it. To give the farmer an increase of 10 cents a bushel will, they say, cause a rise in the price the city folks pay for food of 25 percent. How ridiculous. So it is with cornflakes,

a package of which I have here in my hand. So it is with almost anything else you may want to talk about. I could give you scores of examples but my time is so limited I cannot do it.

Here is the label on a package of cornflakes. The corn when bought in this form or in this package costs about 1½ cents per ounce or \$11.95 per bushel. Now if corn should happen to be raised 12 cents a bushel so as to bring it up to parity—and it now sells for 12 cents less than parity in my district—then this package would cost eight one-thousandths of one cent more than it does now. Let editorial writers for metropolitan newspapers weep about this. Let them gnash their teeth and tear their hair and become mad and delirious about this eight one-thousandths of a cent. They inflame city readers about it. Have they not cause to rave and beat their breasts? Certainly they have, because they are telling their readers that the bill will raise food prices 25 percent.

I confess myself provincial and old-fashioned because I have heretofore believed in a commandment that was graven upon stone and given to Moses for his people and which enjoined them that they should not "bear false witness." Now, however, I have learned that if certain people who sometimes write for newspapers have ever heard of Moses or of these graven injunctions, then they are just like the old blind mule who did not care a continental about it anyway.

Whatever is done for the farmers of this country will never cause inflation. If inflation comes to us—and it may, but I hope that it will not—it will not be because farmers get something like 1 or ½ cent more than is now charged for an order of food or the eight one-thousandths of a cent more than they do now for an order of cornflakes, or because of any increase in the farm part of it.

Parity as now defined and as based upon prices from 1909 to 1914 is not fair to the farmer, although it is made the basis of the bills and price controls. It is not fair to the farmer because during that period (1909 to 1914) farmers got an average income per capita of only \$159, while nonfarm people got an average income of \$396 per capita. During those years farm population averaged 34.3 percent, but farm income was not one-half of that percentage. And even during 1941—last year—farmers got less than 8 percent or 10 percent of the national income, although they had a population of 24.3 percent.

The spread between the prices paid to the producer of foods and the prices that are paid for the family dinner table is the thing that causes the trouble and causes the talk.

I am not satisfied with this bill. It provides the ground work for some little help to farmers, and is therefore probably better than nothing. It may do farm consumers and others some good. It may do the housewives on the farms some good. It will tend to hold down the prices on the things they buy. For example, percales last year sold for 11 cents a yard or 12 cents a yard; but this year they are selling for 21 cents or 22 cents per yard. This increase did not go to the cotton

farmer. It went to the speculators and to the manufacturers. That is the point that I am making. Perhaps the bill will tend to hold down unfair increases in consumer goods. I do not think that it can do us farmers much good, but, on the other hand, it cannot do us much damage. It may do us some good when we come as consumers to buy the things that we need on the farms.

The bill is not what I should like to have it. It is probably better than nothing at all. Anyway, it is all that we are going to get. We are now in this war, and there is only one way to get out of it. We must fight out of it. So let us go ahead and win it.

(Mr. GILCHRIST asked and was given permission to revise and extend his remarks.)

Mr. WILLIAMS. Mr. Speaker, I yield 5 minutes to the gentleman from Texas [Mr. PATMAN].

PRICE-CONTROL BILL FAVORED

Mr. PATMAN. Mr. Speaker, if the farm prices are raised as high as this bill will permit, the price of a \$2 cotton shirt will increase 1½ cents. If prices are raised, the maximum permitted under section 3 of this bill as amended in conference, the farmer will be allowed to receive for the hardest kind of work on earth under the most adverse circumstances 25 cents per hour. No one disputes that, yet Members come upon the floor of this House and honestly and conscientiously insist that section 3 of this bill is unreasonable. I believe if they study the problem they will come to the conclusion, the only one they can come to, that it is very reasonable indeed. We cannot hope to get more, and if this bill is not passed the farmers will probably get less.

The farm section of the bill reported in the conference report is very similar to that section of the bill as it passed the House. It does not take care of the farmers. In industry people receive 77 cents an hour and \$1 an hour, yet because we are making it possible for the farmers to receive the small sum of 25 cents per hour for their labor they claim we are unreasonable.

This bill is a compromise. I am for it because it will go a long way. It will not do a complete job. I am opposed to any kind of price fixing. I would be opposed to this bill under normal conditions; but I am more opposed to the war. I am in favor of winning this war. I want to do what is necessary properly to prepare our country and properly protect the people while we are doing it, and if you protect the people you must have some kind of price-control bill.

This bill will control rent prices in defense areas, it will control prices of imports, it will control prices of commodities, and it will control the prices of even farm products notwithstanding the statements that have been made here. This buy-and-sell provision is very important. Today we are discussing the question of scrap iron. We need as much scrap as we have virgin metal in order to make the steel we need in national defense. We cannot bring that scrap iron out at \$20 a ton in remote sections; it

will take \$30 or \$40, and in order to give them that price for that small percent it is necessary that we have this buy-and-sell provision. Let us take the case of copper. We are buying copper for 12 cents a pound and the concerns producing this copper are making money at 12 cents a pound. But there is another 10 percent of copper that can be produced, copper that we need and must have that will cost 30 cents or 40 cents per pound. Therefore it is necessary that we have this buying-and-selling provision so that we may pay more than 12 cents a pound for copper.

This bill is very important. Delay is dangerous. This is a real war we are in. Many Members of this House have told their sons good-bye at the train when they were leaving for service in our armed forces. They realize a real war is on, and they are willing to back their sons, your sons, and the sons of American fathers and mothers in this emergency. In order to do that we must have control over prices and some way to acquire the metals that are needed to build the planes, tanks, guns, and to furnish the ammunition that is needed in this war.

After all, the question of enforcement is up to the President of the United States. Are you willing to trust him? He appoints all these people. Not only has he been right about this war in Europe, but if Congress had listened to him I do not believe we would have had a war in Europe. If Congress had listened to him, I doubt if we would have war with Japan, but the Congress did not listen to him. Now many people have changed their minds and believe he was right, and we are willing to listen to him. In addition to being Commander in Chief and a man whose heart is right on this question involving the national defense of this country, he, too, has four young men in the combatant service of this country, who are out on the Pacific and the Atlantic facing dangers every day like the sons of other fathers in this country. So the President will be called upon to enforce this bill, and we will not make a mistake in trusting him.

It is true he has appointed Mr. Henderson. Yes; I have confidence in Mr. Henderson. I am glad to say that. I am willing to trust him. He does not agree with me always, and I am opposed to some of his views; but he will come as near fitting in on every proposition that is involved in this bill as any other one person you may find in America. Read his life and you will read a true story that will parallel a Horatio Alger story. I am perfectly willing to vote for this report, because I believe it is a good one.

Mr. WOLCOTT. Mr. Speaker, I yield 4 minutes to the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN].

Mr. AUGUST H. ANDRESEN. Mr. Speaker, it is rather difficult to comprehend what effect the President's sons who are serving in the Army and Navy will have in the administration of this bill. They are probably functioning in their respective capacities, but I doubt very much if they will have anything to do with the enforcement of price control legislation.

Mr. Henderson appeared before the Committee on Agriculture some weeks ago and he led us to believe that he was not particularly interested in the price-control bill because he was operating under Executive authority. Therefore, it occurred to most of us on the committee that the reason he was advocating a price-control bill at all was because he wanted legislative power to license everybody engaged in the business of buying and selling of commodities and other products. He said definitely that he had authority now under Executive order to fix prices in this country, and he intimated that he did not care what Congress thought about it, since he was functioning under Executive authority.

Mr. Henderson is not satisfied with this bill. He so announced to the press and to the country. I am not satisfied with the bill. So I am going to recommend to my colleagues that we vote for the motion to recommit, and if we do not succeed in that motion then we should vote against the conference report and send it back to conference where they can get out a real price-control measure to stop inflation.

I am sorry that the House will not have a chance to vote on the O'Mahoney amendment which was adopted by a large majority of the Senate. That amendment sought to give some protection to our great basic industry, agriculture, so that our farmers would have an opportunity to base their prices upon a formula which took into consideration urban labor and all other elements that go to make up parity prices. The O'Mahoney amendment sought to give the farmers decent and fair prices. The gentleman from Iowa mentioned a moment ago about a small sirloin steak selling at \$1.50 down here in the House restaurant, but that is not anything at all. When you do down town to buy potatoes in some of these high-class restaurants you pay at the rate of \$40 a bushel for those potatoes, when the farmer only gets 30 or 40 cents a bushel in potato-growing sections.

The parliamentary situation prevents us from taking up the O'Mahoney amendment or to include instructions from the House that the conferees on the part of the House insist on that amendment. The O'Mahoney amendment was not discussed in the House. It was put on in the Senate. It was thrown out by the Senate conferees. Consequently we have a situation which stops us from offering it as a part of the motion to recommit. If we send the bill back to conference and if the Senate stands pat on its former vote on the O'Mahoney amendment, then we will again have an opportunity to reconsider the conference report. The dairy and livestock organizations, in fact all farm organizations, want this amendment adopted and made a part of the price-control bill. It is fair in every respect. It takes in labor and all other commodities that enter into the picture of the things that the farmer must buy as part of the formula which eventually fixes the maximum price he is to receive for his commodities.

The propaganda put out by the metropolitan press and over the radio that the

O'Mahoney amendment would increase food prices 25 percent and cause a spiral of inflation, is the worst kind of libel intended to sabotage and injure American farmers. Farmers are patriotically producing to meet war demands. They are entitled to receive equitable consideration at the hands of Congress and the Government. Defense labor and industry are operating on a cost-plus-fixed-fee basis, thereby assuring cost of production plus a profit. American farmers are entitled to the same consideration, and therefore I am again urging the House to send the conference report back to the committee, so that the conferees may include the O'Mahoney amendment in the report for a definite vote in the House when the report is returned for final action.

I desire to call the attention of the House to the fact that all farm organizations in Minnesota, and many business and public-service organizations, have endorsed the O'Mahoney amendment. They recognize the need for just and fair treatment in the establishment of ceiling prices on farm products.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Speaker, I yield such time as he may desire to the gentleman from Missouri [Mr. BENNETT].

PRICES PAID THE FARMER WILL NEVER BRING INFLATION

Mr. BENNETT. Mr. Speaker, all are agreed that full agricultural production is absolutely necessary if we are to defeat our Axis enemies.

In a national broadcast Sunday evening, January 18, the Secretary of Agriculture, Mr. Wickard, said:

Now we are one of the 26 united nations whose resources for winning the war are to be shared and placed wherever there is need. We do not know how many people we shall be called on to feed outside the borders of the United States.

It is unreasonable to expect the farmers to increase their yield unless the price of their products is permitted to go high enough for them to pay such wages as will enable them to employ the necessary help.

Farmers not only have the problem of increased cost of labor but, what is more difficult, they have the problem of getting labor at any price. And the so-called Daylight Saving Act will not help them.

The war is making a heavy draft on the sons of farmers, as war always does. The manpower of the farm is greatly reduced to build up the Army and Navy and nonagricultural industries which the Federal Government is now pushing to the maximum of production.

FARMERS PUNCH NO TIME CLOCK

Farmers and their wives work at least 70 hours per week with no time and a half for overtime and double pay on Sunday, and no such is expected. However, now that many workers are so favored and salaries of thousands of Government workers are being increased, it is not only unfair but it is foolish to think that the farmer will be able to employ help to greatly increase his production at prevailing prices.

I am opposed to placing a ceiling on farm products unless a ceiling is placed upon everything that enters into the cost of the farmers' shoes, clothing, furniture, harness, plows, mowers, and other equipment. Therefore, I cannot support this bill.

Agricultural products, on the one hand, and nonagricultural products, on the other hand, are in diametrically separate categories in the matter of price fixing.

No industrialist would be satisfied to have the farmer fix the price on his products. I do not believe that an industrialist should fix the price on farm products. For this reason, among others, I believe that if any ceiling on agricultural products is to be provided for, the authority should be placed in the Department of Agriculture.

Much misinformation is being sent out by big city newspaper correspondents and radio commentators who would not know a grain drill from a combine.

It is not the price that the farmer has received for products that has increased the cost of living; it is the increased spread between price paid to the farmer and the price paid by the consumer in our large cities. I object to the farmer being made the scapegoat for inflation. The prices he receives will never bring inflation.

Mr. Henderson has, so far, done nothing effective to reduce the high cost of food to the consumer. His only idea seems to be to depress the prices of the farm producer.

Today flour is selling in Washington at \$5.95 per 100 pounds and according to the United States News, the Department of Agriculture is selling wheat at 75 percent of parity. If Mr. Henderson would be interested to know, I can give him the name of a local grocer and customers who paid him this week 8 cents per pound for sugar which should have sold for 5 cents.

PARITY

One of the arguments most used by the smoke screener hinges on the suggested 110 percent of parity. This is, on the face of it, a weak spot. To the general public it looks like the farmer is asking for 110 percent of a fair price. Nothing could be further from the truth.

Today there is no relationship whatever between the price that the farmer is receiving and the cost to the consumer of farm products.

The year 1919 represented the peak of high prices. In January 1919 hogs were 17 cents per pound; today they are 11 cents per pound. Pork sausage was 24 cents per pound in retail stores; today it is 25 cents per pound. Hogs are down, sausage is up.

In 1919 prime beef steers were 16 cents per pound; today they are 11 cents to 11½ cents, while steak that sold for 35 cents in 1919 is today 55 cents. Roast that was 23 cents per pound, today is 49 cents per pound.

Irish potatoes sold at retail stores for 3 cents per pound in 1919; today they are 4 cents per pound. Sweetpotatoes in 1919 were 3 cents per pound; today they are 5 cents per pound. On the farm, sweetpotatoes in 1919 were 2½ cents per

pound, while today they have gone down to 1¼ cents per pound.

Corn on the farm today is bringing only 65 percent as much as it brought in 1919; but corn meal is just as high as it was in 1919.

Mr. Speaker, it is a strain on the imagination to find much, if any, relation between what the farmer gets, and will continue to receive, for his products, and what the consumers in the large cities of our country pay.

I accompanied Mrs. Bennett to a grocery store here in Washington last Saturday afternoon. While there I made some notations. I found prices as follows: Sirloin steak, 55 cents per pound; rib roast, 49 cents per pound; lamb roast, 33 cents per pound; lamb chops, 60 cents per pound. We had to pay 40 cents per pound for a dressed hen; the farmer receives 17 cents. We paid 50 cents for butter; the farmer receives 33 cents. We paid 49 cents for eggs; the farmer today receives 32 cents.

Mr. Speaker, I think these figures are enough to justify my statement that what the consumer pays for food has little or no relation to the price the farmer receives for his product.

Suppose, for instance, that under the price-fixing bill the farm price of eggs is fixed at 34 cents per dozen, can you imagine that any retail store could sell them for more than 50 cents? There is a limit to how high the consumer can and will go.

Suppose the minimum price allowed by law for hogs is fixed at 12½ cents, do you imagine that any big-city consumer would pay more than the retail stores are now charging for pork?

And suppose cotton is fixed at 21 cents a pound, can you envisage a pair of cotton socks or a shirt costing any more than it does today? Not over a pound of cotton is needed to make the cloth for a shirt that sells for \$3.50—20 cents for the material, the balance in profits to labor, industry, and distributors.

If the administration wants to be fair, let it agree to the passage of a genuine price-fixing bill covering all. Farmers are not asking the unreasonable. They do object to having the price of their products fixed so low as to make it impossible for them to earn over 30 cents per hour, while those who produce the articles they must buy are permitted to make three to five times as much per hour. May defense workers are making as much in a month as a large portion of our farmers and their families earn in an entire year.

There is not now and never has been a combination among farmers. The farmers of this country have never robbed anybody and never will. If the administration will be fair to all groups and permit the farmers to produce food and clothing for the Nation and for our armies, it will have done a patriotic service and deserve the thanks of all citizens.

America is in greater danger today than ever before. It is vitally important to the national defense and war program that we have full and adequate agricultural production.

Even if farm commodities should advance 25 percent, it should not affect the

cost of living over 2 or 3 percent, because the cost of raw material in the manufactured product represents on the average less than 10 percent of the total cost to the consumer.

The destruction of the farmers' foreign trade, as disclosed by the Department of Commerce, while the industrialists obtain the greatest export trade in history, is certainly sufficient reason for giving the farmers at least a square deal in the matter of price fixing.

Exports of the United States during the first 9 months of 1941 were:

Agricultural.....	\$372, 578, 000
Nonagricultural.....	2, 864, 266, 000

Imports of the United States during the first 9 months of 1941 were:

Agricultural.....	\$1, 217, 513, 000
Nonagricultural.....	1, 098, 275, 000

Reciprocity trade pacts aimed to expand industrial exports while increasing agricultural imports into the farmers' home markets have had much to do with the present plight of the American farmer. Agricultural imports in 1941 were nearly three times the value of agricultural exports.

Mr. Speaker, the war cannot be won without food. Food cannot be produced without labor. Adequate farm labor cannot be secured under current agricultural prices. If the war is lost, all is lost.

"He who makes his country live makes all things live, and all things living bless him; but he who lets his country die lets all things die, and all things dying curse him."

(Mr. BENNETT asked and received permission to revise and extend his remarks.)

Mr. WOLCOTT. Mr. Speaker, I yield 1 minute to the gentleman from Wisconsin [Mr. JOHNS].

(Mr. JOHNS asked and was given permission to revise and extend his remarks in the RECORD.)

Mr. JOHNS. Mr. Speaker, one of the main purposes of the legislation which this conference report covers is to put a ceiling on the farmer's wages or his income, which income is made up principally of returns from his labor. In 1939, there were introduced into Congress more than a dozen bills known as "cost-of-production bills." The average cost of production was not considered at that time. Nobody paid much attention to these bills and they did not seem to be of enough interest to be brought out to the House floor for discussion. The principal argument at that time was that you could not fix any floor on agricultural prices because there were 3 groups of farmers—one group of farmers which produced efficiently, another group which produced fairly efficiently, and a third group which produced with little or no efficiency. As a result, nothing was done and these bills were never given any consideration.

Now we have a different situation today. Have we become any wiser or were we just as wise at that time as we are today? The Price Administrator and others today seem to know exactly where agricultural ceilings should be placed and I am wondering just how they have reached their conclusions—have they

considered the ceiling for the efficient producer, do they have the farmer of average efficiency in mind, or are they thinking of the farmer who is below the standard of efficiency in everything that he does in the farming line?

If we are to fix price ceilings, it certainly will have considerable to do with the amount of food produced in the country. If we are to get maximum domestic production, it is going to be necessary for the least efficient producer to be stimulated to greater production, either by educating him or paying him more to produce.

I was interested in an article in the Times-Herald of January 22, 1942, under a United Press date line, which reads as follows:

Unable to hire anyone to help him on his dairy farm, Myer Liskin sold 21 of his 22 cows and will work in a defense factory. He kept one cow for his family's use. Liskin said he would go back to the dairy business when the war is over and it will be easy to find someone to work on the farm.

Personally, I think that price ceilings may be established and I think it is just about as easy to fix farm prices for the farmer as it is to fix the cost of production in a factory. I have kept a record of my farm production and expenses connected with it for 25 years and I do not believe that a farm can be operated successfully unless it is operated on a business basis, the same as any other business is operated. I became interested in the cost of production on farms when I happened to be president of a local equity society in Wisconsin. Above everything else today, Congress should consider the best interests of our country and we should not, under any condition, allow price ceilings on agricultural products to be fixed so low that they will lead to a shortage of food.

Mr. WILLIAMS. Mr. Speaker, I yield 10 minutes to the majority leader, the gentleman from Massachusetts [Mr. McCORMACK].

(Mr. McCORMACK asked and was given permission to revise and extend his remarks in the RECORD.)

Mr. McCORMACK. Mr. Speaker, several Members have spoken to me about a rumor they have heard about a possible Presidential veto of this bill if it passes in its present form. We all know how rumors start. Most of them are entirely unfounded. Apparently this rumor has the same kind of origin as most rumors, there being no foundation for it. I have no hesitancy in expressing the opinion that such a rumor is entirely unfounded and unjustified. If I were to express an opinion, I think the President would probably state that the bill does not go the full distance it should go, and that subsequent legislation will be necessary to correct some of the defects which exist in the present bill.

We are confronted with the legislative situation of either accepting or rejecting a conference report. We must either vote for the report in its entirety or vote against it. The situation does not exist where amendments can be offered, because the bill has gone through that stage in both branches of the Congress.

We have heard our friends on the left express their love of the consumer and their desire to protect the consumer, yet if we believe what we hear and apply common sense to what their position is and visualize this bill in practical operation, we know that if what they want became enacted into law price-control legislation would be ineffective and meaningless.

They first say, "We want a review board." Only the other day they complimented the President on appointing one man, Mr. Donald Nelson, to be the head of the War Production Board.

Miss SUMNER of Illinois. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Illinois.

Miss SUMNER of Illinois. The President is over Mr. Nelson. He certainly acts as a review board.

Mr. McCORMACK. There is no occasion for comment on what the gentleman says.

They complimented the President on one-man action the other day, and now they are against one-man action in connection with price control. A review board would defeat any price-control legislation we might enact into law. It would tie up the practical operation of any such legislation.

Mr. KUNKEL. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Pennsylvania.

Mr. KUNKEL. With regard to a board of review, the action by the Price Administrator would be immediately effective and remain in effect until the board of review changed it.

Mr. McCORMACK. If the board of review were established by any law, I repeat, for all practical purposes it would defeat price-control legislation.

Second, they want to do away with the licensing provisions.

Mr. WOLCOTT. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Michigan.

Mr. WOLCOTT. Why? The gentleman made the statement that the establishment of a board of review would defeat price-control legislation. I think in fairness the gentleman should tell us why.

Mr. McCORMACK. The gentleman has been trying to explain for a long while why it would not, and he certainly has not satisfied most of his colleagues.

Mr. WOLCOTT. I think I made out my case. I do not believe the gentleman should make a broad statement without clarifying his stand.

Mr. McCORMACK. The gentleman certainly compliments himself when, while acting as a witness and the attorney arguing the case, he also acts as a judge and admits publicly he has made out his case. I certainly find difficulty in agreeing with the gentleman.

Mr. WOLCOTT. I may say to the gentleman that the jury found me to be correct; the House found me to be correct, without instructions.

Mr. McCORMACK. Of course, the jury is the House and has not acted yet.

Mr. WOLCOTT. I think the gentleman

owes it to the House to explain why provisions calling for the establishment of a board of review would defeat the purposes of the bill.

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Georgia.

Mr. COX. May I ask the gentleman if the difference is not that everybody is afraid of one and nobody is afraid of the other?

Mr. McCORMACK. That is not the way to legislate. The gentleman from Georgia is too fine a gentleman and is too close a friend of mine for me to undertake to comment on the observation just made. Certainly in times of war we must delegate power. To take the position that you are for legislation because you like a man and you are against legislation because you do not like another man who might be the head of an agency is rather an unwise if not an unsound position to take.

Mr. SPENCE. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Kentucky.

Mr. SPENCE. I think the board of review would be additional machinery that would entail delay. Expeditious decision is essential to the interests of business in this country. I think justice delayed would be justice denied, in most cases.

Mr. McCORMACK. It is on that ground that I made the statement that for all practical purposes, if a provision establishing a board of review was put in this bill, any price-control legislation would be ineffective and meaningless.

Mr. PATMAN. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Texas.

Mr. PATMAN. Is it not true that no one would ever know what the price was if they had to appeal it and keep appealing it?

Mr. McCORMACK. Of course; we all know why the provision establishing a board of review was put in the measure.

Mr. WOLCOTT. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. No; I cannot yield further. I have not much more time and I cannot let all my time be taken up with questions.

The second ground on which the motion to recommit will be made is to do away with the licensing provisions.

I do not know of any other instructions that will be contained in the motion to recommit, but I do know that if the motion is so confined, my Republican friends will be doing everything they can to "job" the consumer, and I do know that any one who may be running next fall against any Member who voted to recommit those two provisions, in almost any district of the country, but particularly in the consuming districts, would have a proper argument to advance against any Member that they were voting adverse to the best interests of the consumer.

The farmer has been pretty well taken care of in this bill. One of our friends on the Republican side, the gentleman

from Minnesota [Mr. ANDRESEN] said he is sorry he cannot have an opportunity to vote on the O'Mahoney amendment. If the gentleman's side wants to give him the opportunity they can do so by including that in the motion to recommit. This is the answer to that statement.

A motion to recommit in order to establish a review board and do away with the licensing provisions is a direct attack on the consumers.

I am not going to discuss the farmer provisions in the bill. All I may say is that under the circumstances they have received the maximum of consideration that they can expect in price-control legislation. The situation now is that the proposed motion to recommit is aimed entirely at the consumers of the country, and it is going to be interesting to see how the roll-call vote will be when the motion to recommit is offered.

Some of the Members have said they are going to vote against the bill because its provisions are not strong enough, but they qualify this statement by saying that they are going to vote for the motion to recommit and then if they are defeated they are going to vote for the passage of the bill. What legislative hypocrisy! What mental inconsistency! If the bill is not strong enough, then why say they are going to vote for the motion to recommit and then vote for the passage of the bill? Why? Do they not have the courage to go the full distance and vote against the passage of the bill if the motion to recommit is not carried?

From a practical angle, talking to my Democratic colleagues on the right side and those Republican colleagues on the left side who are anxious to get through price-control legislation, we are faced with this situation. To return this bill to the same conference committee that brought it in is not going to improve the condition of the farmer. Certainly, the farmer has received ample consideration. The Brown amendment is in the bill. To return this bill to the conference committee would not help the farmers and would be a blow at the consumers of the country.

The bill is not completely satisfactory, but it is important that we get legislation into operation as soon as possible, and unless this bill is enacted into law and corrected later we are going to have uncontrolled inflation, and this will be extremely dangerous.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Speaker, I yield such time as he may desire to the gentleman from Iowa [Mr. CUNNINGHAM].

Mr. CUNNINGHAM. Mr. Speaker, I am opposed to the conference committee report on the price-control bill, in its present form, for the following reasons:

First. It has been stated in the press, over the radio, and on the floor of this House that Mr. Henderson says it will not control inflation. It is also my understanding that he gave similar testimony before the committee. If this bill, designed to control inflation, will not control it, then why pass it?

Second. It is discriminatory against certain of our citizens because the bill does not include all of them.

Third. It places an economic dictator over the people.

Fourth. It is charged that the failure to approve it will retard the prosecution of the war. I challenge this, and state that its passage will do more to retard the prosecution of the war because of the confusion, uncertainty, and disheartenment it will create among our people.

Fifth. It is unnecessary because our danger is not price inflation but monetary inflation, about which Congress has done nothing to date. I ask you, Mr. Speaker, what will happen when the receipts from taxes, plus the receipts from defense bonds and stamps, fall below our governmental expenditures? In my opinion, when that time comes—and it may come soon—there are only two things left to do—either make a capital levy or start the printing presses. The danger to America is monetary inflation and not price inflation.

Sixth. This bill, in its present form, will authorize the control, or attempted control, of prices from the top and not from the bottom. This will not work.

Seventh. It will put many small businesses out of existence.

Eighth. It will not be helpful to the farmer.

Ninth. It will create unemployment in many lines of endeavor.

Tenth. It will hinder rather than help labor.

This bill should either be corrected to be effective or discarded.

(Mr. CUNNINGHAM asked and was given permission to revise and extend his own remarks in the Record.)

Mr. WOLCOTT. Mr. Speaker, I yield 4 minutes to the gentleman from Kentucky [Mr. ROSSION].

[Mr. ROSSION of Kentucky addressed the House. His remarks will appear hereafter in the Appendix.]

Mr. WILLIAMS. Mr. Speaker, I yield now to the gentleman from Oklahoma [Mr. WICKERSHAM].

Mr. WICKERSHAM. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the Record at this point.

The SPEAKER. Is there objection? There was no objection.

Mr. WICKERSHAM. Mr. Speaker, the Government has requested an increase in most of the agricultural products except wheat and cotton.

The Government has requested that we raise more cattle, milk, butter, cheese, poultry, eggs, and so forth. This will require feed—and attention.

Farm labor is being withdrawn. Thousands of men are going to the Army and Navy and thousands are working in defense plants. Farm labor is becoming scarce. Urban wage rates are up.

Remember that the marketing and distributing costs are considerably higher, that the middleman charges and freight rates have increased.

The O. P. M. will allow farmers to purchase only 80 percent of their 1941 purchases. As a matter of fact 140 percent is needed.

Farmers must have an incentive to produce.

Farmers must be protected against a sudden decline following the war,

All that farmers have ever done was produce and deliver, allowing someone else to fix the price. The farmers never have sold anything.

The farmer is at the mercy of those from whom he buys and likewise at the mercy of those to whom he sells.

Little business is dependent on the farmer.

To you who are interested in the little farmers, little business, and small laborers, I want to point out the fact that the floor of today may be the ceiling of tomorrow insofar as agricultural products are concerned if this legislation is enacted.

Though this bill contains no provision for fixing retail prices, it will cause thousands of little businesses to have to secure a license and continue under the fear of compulsion and uncertainty.

Labor and industry are afforded and assured cost of production. The farmer has not had this guaranty.

Industrial wages are still an uncontrollable factor as far as a maximum is concerned.

The wheat surplus in England has been reduced from 500,000,000 to 300,000,000 bushels.

Much of our cotton surplus should be used to make gunpowder, plastics, and insulation. Much more will be used for hospital needs.

A large portion of our wheat should be used to make medical, commercial, and ethyl alcohol. Much should be used to manufacture rubber. More should and will be used as food and feed.

We no longer have any imports of silk; the amount of wool imports grows smaller daily.

Much of the rayon formerly used for clothing is used for other purposes during this war.

Will the farmer have to feed, clothe, and shoe the peoples of the world after the war?

Have you ever heard of the Biblical story of 7 years of plenty and 7 years of drought? Well, the farmer has had his full share of the 7 years of drought, and though we have full and ever normal granaries right now, some day we may not have same. Farmers have to pull through the lean years.

Let us be prepared to win the peace after we win the war by being prepared to have the other countries see our way. We can do this if we have ample food supplies.

Food for Finland right now might mean peace with Finland; she might be fighting on our side. Food and clothing talk.

If increased production is secured, consumers need not fear high prices, because abundant supplies are a more certain assurance against inflation than arbitrary price ceilings fixed by an unsympathetic administrator.

Remember that in order for the farmer to receive what soil-conservation payments and parity payments he has received he has had to terrace, contour, and conserve the soil, and practice soil building; he has also had to cut his acreage in half.

We should have traded some of our surplus wheat and cotton during the last few years for surplus rubber and surplus

strategic metals which other countries produced.

Several years ago Members of Congress had an understanding that the year 1926 would be used as a basis of parity instead of 1909-14 period; if this period were used, cotton would be 21 cents and wheat \$1.40 until it reaches that level; cotton and wheat are in the deflation period instead of inflation.

Should cotton be increased to 21 cents, it would increase the content of a \$2 shirt only 1½ cents.

If the best provisions of this bill are retained, it will mean that farmers will get not to exceed 25 cents per hour for their work, even the hardest kind of work.

During the other World War cotton reached 42 cents; wheat reached \$2.50 per bushel, and now when cotton reaches 17 cents and wheat \$1.10 a howl echoes like that of a timber wolf.

Had the O'Mahoney amendment been retained in this bill it would have provided a proper ratio of farm products to labor standards.

Naturally this price-control bill is not entirely satisfactory because the hearings were before the Banking and Currency Committee and not the Agricultural Committee.

This bill places too much power and control in the hands of one man.

Few men made in the image of God can fix all prices and administer such a law.

The provision allowing the Administrator to go out into the market and buy and sell farm products would be a dangerous provision. The chances are that he would not know how to do any horse trading much less barter with all agricultural products.

If you vote for this bill you will give up free enterprise, placing the destiny in the palms of one man who does not have to be bound by the wishes of the Congressmen who are the true representatives of the people. You will be forcing your people to submit to a regulated, regimented, economic dictatorship.

A chaotic and confusing condition will prevail. The hysteria and thoughts of a price-control bill have caused the middleman to raise the prices already, thus causing the consumer to pay a considerably higher price which is not reflected in the prices the farmer receives for his products.

The bill will discriminate against milk producers. It will guarantee the existing \$3.25 rate per hundred in some States and hold Oklahoma and many others down to 1.57½ per 100.

This bill will restrain men from their liberties. It will be very unpopular.

Canada's control has proven that an act omitting labor will not be workable or satisfactory.

Sometimes the farmer and the consumer wonder what made the added costs, added from the time the raw products left the farm until they reached the consumer's table. Sometimes the middleman's profits eat up the value of a dollar like a tapeworm.

Farmers cannot cause inflation, since they represent only 23 percent of the population and receive only 10 percent of the national income or purchasing power.

How many millionaire farmers do you know?

Some accuse farmers of creating a spiral inflation. How about previous raises in wages without control, or a control fixing minimum and not maximum wages. How about contracts which have been let on a cost-plus-a-fixed-fee basis. How about the 10-percent increase in freight rates and increased transportation charges on farm products.

We cannot and will not have a satisfactory workable price control until the monetary, fiscal, and credit affairs of the country are controlled.

The \$79,000,000,000 in spending, placed in the hands of a certain group has caused the threatened inflation and not the farmer.

There is nothing in this bill to protect existing contracts.

I believe we should allow the aged to supplement their pensions by allowing them to have a cow, sow, and their hens as well as a garden.

The control of farm products should remain in the Secretary of Agriculture who has every power necessary to control runaway prices of farm products and thus protect the consumer, through the use and exercise of his control powers contained in the A. A. A. and various agricultural agencies like the Farm Credit Corporation, Commodity Credit Corporation, and so forth.

Mr. WOLCOTT. Mr. Speaker, I yield 4 minutes to the gentleman from Wisconsin [Mr. MURRAY].

Mr. MURRAY. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. MURRAY. Mr. Speaker, I might take these few minutes to confine myself to just one industry, which happens to be the dairy industry. Of the national agricultural income the dairy industry represents an amount about equal to the basic commodities that we have heard so much about, and for which we have appropriated so many billions of dollars. I would like to know how many men here today realize what they are doing to the dairy business, when they vote for this bill. We just heard the majority leader tell us how we are only interested in the producer. We have heard our distinguished colleague from Massachusetts [Mr. GIFFORD] and the distinguished gentleman from Connecticut [Mr. KOPPLEMANN], and I am wondering why not one of them told you this afternoon that the farmers in their States are going to continue to have \$3.50 per 100 price guaranteed minimum on their milk. Then they ask my colleague from Missouri [Mr. NELSON] and our friends from Nebraska and Oklahoma and all the great Midwest and the other dairy sections to vote for a \$1.55 a 100 ceiling on the milk in their States. As far as the consumer of dairy products is concerned, the consumer is being deceived, because there is nothing in the bill which will help the consumer in any section where we have these milk-marketing agreements in effect.

Mr. SHORT. Mr. Speaker, will the gentleman yield?

Mr. MURRAY. Yes; gladly.

Mr. SHORT. Of course, the farmer is always at a disadvantage. He is at the mercy of the man to whom he sells, and at the same time he is at the mercy of the man from whom he buys.

Mr. MURRAY. I guess I can agree with that, but the point that I am bringing out is, regardless of any partisan connection, the gentleman from Texas [Mr. PATMAN]—and I listened to most of the hearings—brought out the fact several times—and no one has disputed him—that the agricultural provisions of this bill do not provide over 25 cents per hour for any group of farmers in America.

Miss SUMNER of Illinois. Mr. Speaker, will the gentleman yield?

Mr. MURRAY. Yes.

Miss SUMNER of Illinois. There is complaint from the industrial areas about the 110 percent parity provision, but the Price Administrator has the power under this bill, if he wants to, which he does not, to set retail prices, in which case that would reduce farm prices below the standard set in the bill, if he sets the retail price below it.

Mr. PATMAN. But the price must be set in accordance with the provisions of section 3 of the bill, which is the farm bill.

Mr. MURRAY. When this bill was before the House before, the gentleman from Nebraska [Mr. STEFAN] and the gentleman from Wisconsin [Mr. SAUT-HOFF] each introduced an amendment asking that these farm ceilings be not placed below the cost of production. Those amendments were voted down, and yet if you will read the report on page 2, you will see that labor and industry are both guaranteed the cost of production. Anybody who votes for this bill will vote for a bill that he must know is not based on common sense, or on common justice. As far as I am concerned, any time I vote the power that goes with this bill it will be to a group that is more interested in making America strong than a group that is interested in making America over.

PRICE CONTROL OF DAIRY PRODUCTS

The dairy industry represents from 20 to 25 percent of our national farm income and about equals in agricultural value the basic commodities that have had billions of subsidies. This industry merits some careful consideration, as milk and milk products are recognized as the basis of all desirable diets.

No one can be accused of trying to obstruct the program of the administration, because nearly every one is favorable to the Henderson plan to control food prices by governmental edict, or are in accord with Secretary Wickard to protect the consumer by an abundance of food production. The latter plan appears safer, and insures the consumer a continuing supply of food and is based on principles that promote the public welfare. Most people feel that a bill as far reaching as this bill is should be placed in the hands of people known to be more interested in making America strong than they are in making America over.

First. What does it mean on page 2 of the report "equitable wages and cost of production"? Does not this mean that industry and labor are guaranteed cost

of production and equitable wages? If so, why is not the farmer afforded this same protection afforded these other groups?

Second. In section 2 we find "administration can establish maximum prices to protect the consumer." If we grant the above, is not it fair to ask them why we should not include the following: "administration can establish minimum prices to the producer?"

Third. Why is the consideration and control of the price of fluid milk to the consumer in our big cities excluded from the provisions of this bill?

Fourth. Why should we pass legislation to control the producer and the consumer within a State, and exclude the control and protection in the big metropolitan areas?

Fifth. Is not it a fact that the organization representing the fluid milk producers has not asked to be excluded and receive consideration along with the producers of milk for butter, cheese, condensed milk, ice cream, and other dairy products?

Sixth. Why exempt one group of producers that are obtaining 75 cents to \$1 per pound guaranteed minimum price and vote a 44-cents-per-pound butterfat ceiling price on another group of milk producers that represent a large percentage of the dairy industry?

Seventh. In other words, why guarantee one group of milk producers \$2.50 to \$4 per hundredweight for milk and now by this bill go out and put a \$1.55 ceiling on another group of milk producers—100 pounds, 3.5 percent fat, at 44 cents per pound equals \$1.55.

Eighth. Are we not passing legislation that puts a ceiling of between 3 and 4 cents per quart, according to its butter content, but exclude consideration of the producer getting twice as much?

Ninth. Are we not asked to pass legislation that puts a ceiling of 3 to 4 cents per quart on one group, but we do not attempt to control the 15-cent-per-quart retail price in many of our cities?

Tenth. Do you, my colleagues, wish to maintain the milk production in this country? Do you wish to provide dairy products for over 130,000,000 people, and do you wish to fulfill the commitments for dairy products to other countries?

Eleventh. Do you think you can accomplish this by putting a 44-cent ceiling on butterfat regardless of its cost? Do you know Secretary Wickard has had considerable difficulty in effectuating a program of increased production on the basis of 50-60-cent-per-pound butterfat?

Twelfth. Can increased cost of production be avoided by the producer?

Thirteenth. Do you want to pass legislation that puts a 44-cent-per pound butterfat ceiling on one group of milk producers that represents under normal times 42 pounds out of every hundred pounds of milk produced in the United States, and represents about two-thirds of the manufactured dairy products of the Nation?

Fourteenth. Do you not believe that the farmer is entitled to a ceiling not below cost of production that is afforded other groups?

Fifteenth. If you answer that, you cannot figure the cost of production of farm products, you will be confronted with two more questions. One question is, How can you figure the cost of production for other groups and not the farmer? The second is, If you admit you cannot figure the cost of production, how do you know where to place the ceiling in the first place?

Sixteenth. In the Washington Post of today, Senator O'MAHONEY is quoted as saying:

It is not a price-control bill and it is not an anti-inflation bill. It makes absolutely no attempt to control commissions, fees, industrial profits, inflationary costs of war contracts, nor industrial wages.

Seventeenth. This bill is legislation for the few at the expense of the many. It is not based on common sense, nor is it based on common justice. It deceives the consumer, and it discriminates against certain groups of producers.

Mr. WOLCOTT. Mr. Speaker, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. KUNKEL].

(By unanimous consent Mr. KUNKEL was granted permission to revise and extend his remarks.)

[Mr. KUNKEL addressed the House. His remarks will appear hereafter in the Appendix.]

Mr. WOLCOTT. Mr. Speaker, I yield such time as he may desire to the gentleman from Minnesota [Mr. H. CARL ANDERSEN].

(By unanimous consent, Mr. H. CARL ANDERSEN was granted permission to revise and extend his remarks.)

Mr. H. CARL ANDERSEN. Mr. Speaker, this bill provides no floor whatsoever for agriculture but does provide a ceiling. On the other hand, it provides a floor for labor but no ceiling; it assures industry cost of production, plus a profit—something which has never been given agriculture—and, moreover, it places no brake whatsoever on the excess profits of industry. How anyone can call this legislation price control is beyond my imagination. Surely all must be covered or the purpose of the act is lost. I cannot vote for it in its present shape. Had the O'Mahoney amendment remained in the bill, a good deal of my objections thereto would be removed.

There is nothing in this bill that assures the farmer 110 percent of parity, or even 75 percent of parity, yet everything he buys will be manufactured by labor earning far more than ever before and at a price that gives industry an assurance of profits.

The farmer is ready to eliminate all profits above cost of production during this war. At the same time he resents being made the goat and asked to make sacrifices when labor and industry march blithely on to the tunes of the highest wages in our history and the most excessive profits. Why not treat all groups alike?

Mr. WOLCOTT. Mr. Speaker, I yield such time as he may desire to the gentleman from Illinois [Mr. MASON].

Mr. MASON. Mr. Speaker, I want to state my position on this bill. I have

confidence in Donald Nelson because I believe he wants to make America strong. I lack confidence in Leon Henderson because I believe he is interested in making America over. That is the difference between them. It is not a question of like or dislike, as the majority leader suggested, or whether I am acquainted or not acquainted with the men. It is a question of lack of confidence. I am opposed to the bill because it places powers in the hands of a man who wants to make America over.

Mr. WOLCOTT. Mr. Speaker, I yield the balance of my time to the gentleman from North Carolina [Mr. COOLEY].

The SPEAKER. The gentleman from North Carolina is recognized for 3 minutes.

Mr. COOLEY. Mr. Speaker, it is to be regretted that the gentleman in control of time on the majority side is not willing to yield even a half minute to any Member of the House who may not agree with this conference report. I am in the position of having to depend upon the generosity of my Republican friend, the gentleman in control of time on the minority side, for this brief moment to speak to you about this report.

I am against this report, just as I was against the bill when it was before the House. The bill as written in conference is just as un-American as was the bill that passed the House. It is just as unworkable today as it was then. It is fundamentally un-American and a far departure from the traditions of this great Republic. It is alien to every concept of good democratic government, yet I have heard many Members say, in the cloakroom and around the Chamber, "Yes; I know it is a bad bill but I shall hold my nose and vote for it."

This is the time for intelligent thinking. This is the time when men should realize that by a vote for this report they are giving up the institutions of free enterprise and individual initiative in America and accepting in lieu thereof a completely managed and controlled economy. By the adoption of this report you are placing the destiny of the American people in the palm of one man's hand, in the hand of a man who has already demonstrated that he is arrogant and arbitrary and has no regard for the wishes or views of either House of Congress. He recently appeared before the House Committee on Agriculture in connection with the order which he had placed upon fats and oils and in which order he had arbitrarily selected a date and had fixed a price below the current market. When his attention was called to the fact that the House, consisting of 435 Members of Congress, after much debate and consideration, had fixed October 1 as the date to be used in fixing price ceilings, and that notwithstanding this fact he had selected a different date, his reply was, "I am not administering an act of Congress. I am still administering an Executive order."

This bill is not necessary. We are not threatened with an inflationary rise in farm commodity prices. The present farm program adequately protects the consuming public, and the price-fixing

features of this bill should not be applicable to raw agricultural commodities.

Vice President WALLACE, who was then Secretary of Agriculture, on May 27, 1937, made a statement before the House Committee on Agriculture, which committee was at that time considering general farm legislation, and in his statement Mr. Wallace said:

The two fundamental purposes of this bill are, first, to safeguard the Nation's food supply and, second, to protect farm income. Under the terms of the bill, its aims would be attained through a system of loans to farmers to protect their prices and storage of reserve supplies against years of short crops, coupled with supplementary means to guard against accumulation of ruinous surpluses.

The most vital parts of this bill are those calling for the establishment of an ever-normal granary in the great food crops of corn and wheat.

These proposals make the bill one of great and permanent public interest. The plan of accumulating and maintaining reserves of wheat and corn in large crop years for use in short crop years is one that I have long advocated. I have held and will always hold that farmers owe a duty to consumers to provide them with sufficient food and fiber at reasonable prices and that consumers owe farmers an equal duty to protect them against price collapse. The bill recognizes the existence of this partnership between consumers and farmers and the mutual nature of the obligation that is involved.

Later in his statement Mr. WALLACE said:

The purposes of the bill might be stated to be (1) to protect consumers against the disasters of such drought years as 1934 and 1936; (2) to minimize wide fluctuations in the prices of basic farm commodities in the interests of both consumers and producers; and (3) to stabilize farm income so far as possible at a fair level. These objectives logically go hand in hand. * * *

To keep agriculture producing on a basis that will afford ample assurance of national food supply it is necessary that farmers shall receive their fair share of the Nation's income. * * *

Since the droughts of 1934 and 1936 the consumers have been heavily penalized for the lack of protection which such a plan as the ever-normal granary would afford. And in the case of the rise in wheat prices early this year, the lion's share of the consumers' increased expenditures did not go to the farmers. Out of \$20,000,000 increase in the value of wheat sales in the first quarter of this year, I doubt if more than \$5,000,000 went to the wheat farmers.

The bill is broad enough to fit the special problems of cotton and tobacco better than a straight loan and storage measure could possibly do.

It is a fact that in the case of crops that are heavily exported, domestic consumers are well protected against the danger of a domestic shortage by reason of production for export.

The ever-normal granary principle has very definite benefits for labor. Wide swings in the production of agricultural products naturally lead to rapid changes in the demand for labor. A great deal of hardship among those employed in the handling trades would be eliminated if farm supplies moving to market could be better stabilized.

In the case of the livestock branches of agriculture, such as hogs, cattle, dairy, and poultry, the contribution of the ever-normal granary principle comes from the fact that there would be greater regularity in the supply of feed crops at more stable prices. This would result in a more even supply of livestock and livestock products available

to all of the groups that have a useful function in transporting, in processing, in warehousing, and in distributing livestock products.

The producers of dairy and poultry products will gain from the application of the ever-normal-granary method to feed crops from the obvious fact that their feed costs would tend to be more nearly normal from season to season, and consumers of livestock products would be assured of a normal and regularly expanding volume of products to meet domestic requirements at prices more nearly fair to producers and more nearly in line with the consumer's purchasing power. * * *

If the Nation is to have an ever-normal granary to protect itself against recurrent shortages of food—if it is to have a farm program based not upon scarcity but upon abundance—then, say the farmers, they should be able to back up this abundance plan with a marketing-control system that will protect agriculture from ruin by immense surpluses.

In advocating the ever-normal granary Mr. WALLACE went back to the days of Joseph, and after a rather lengthy discussion of the purposes of the ever-normal granary features of the bill then under consideration, Mr. Wallace said:

Well, as I have said on several occasions and to you again this morning, that if there should be several years of favorable weather the ever-normal granary is full and overflowing, consumers are abundantly protected, in order to prevent a collapse, in order to protect the United States Treasury, in order to protect the farmer, and in order to protect the laboring man, and in order to protect the national economy and avoid a collapse like 1932, it is essential that there be some type of control.

What if agricultural prices have recently increased. Congress, for the past 8 years, has tried its dead level best, in almost every conceivable way, to force a rise in commodity prices. To force the commodity prices to reach present levels the farmers of the Nation have first filled the ever-normal granary to overflowing and then curtailed production to about 50 percent of normal. It seems ridiculous to impose price ceilings on agricultural commodities while farmers are only partially producing. If prices go too high, why would it not be wise for the Secretary of Agriculture to modify present restrictions upon production and let an increased production bring about the desired decrease in price?

I challenge those who advocate the fixing of price ceilings on agricultural commodities to point out, in the 21 minutes remaining, wherein the consumer safeguards in the present farm program are inadequate to prevent an inflationary rise in farm commodity prices.

I had an opportunity recently to ask Mr. Henderson the same question when he appeared before the Southern Policy Club a few evenings ago, and those of you who were present know that he did not give a satisfactory answer to the question. There just is not any answer. The present farm program contains all necessary control features, and there is not a man on this floor who can find a real weakness in the consumer safeguards which Congress has already provided in the present farm program. Yet we are asked to abandon the farm program and accept an economic dictatorship under

which every phase of American life will be regimented and regulated. Even with the provisions written into the bill by the Senate, this is not a farm-relief bill. It is fundamentally un-American and should be defeated.

Mr. STEAGALL. Mr. Speaker, I yield to the gentleman from Kentucky [Mr. CREAL] 2 minutes.

Mr. CREAL. Mr. Speaker, did you ever hear about the fellow that cut off his nose to spite his face? Some of us are being advised that we do that today because we do not get everything that we wanted. Since when did any farm bill have everything that every farmer wanted? You court the danger when you pass this bill back of never seeing any other bill before this body. Mr. Henderson told you he did not need the power by legislation—that he had such power now—and this bill does place some restrictions on his present power.

There has been a considerable amount of objection to certain features of the bill; and notwithstanding what the majority leader said, there have been some rumors of a veto. Then what have you got? You people who are scared to death of Mr. Henderson, instead of having some restrictions, will have none. The gentleman from North Carolina [Mr. COOLEY] said it is dangerous to put all that power in his hands. Congress, by deadlock, have locked their own hands and given him the green light if we pass no bill at all or get one vetoed. That is one of the reasons why, if you have any fear, you should vote for this bill and procure subsequent legislation thereafter for other things desired. That is what is likely to happen—a mere cutting off the nose to spite the face; a rejection of some things wanted because we could not get it all, and wind up with nothing.

For a man to say that the farmer has not got something here that he wants better than what he did have, even though it does not include every element, that he has not got some guaranties and restrictions of a ceiling below which he cannot go, to say that he will take the gambling risk of its all being passed by Mr. Henderson is playing with fire.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. WILLIAM T. PHEIFFER].

Mr. WILLIAM T. PHEIFFER. Mr. Speaker, if the conference report which is before us is adopted we shall have enacted into law a doctrine which is at cross-purposes with the American way of doing things. It will be for the benefit of but two segments of our population, the farmers and the bureaucrats, and this Congress will stand before the bar of public opinion justly indicted of having supinely yielded to the pressure of the farm bloc and of having tied the yoke of vicious bureaucratic government even more securely about the necks of the American people.

The rapacity of the demands of the farm bloc is amazing. It surpasseth all understanding. Apparently, the appetite of the bloc for a constant and increasing flow of Government bounties for the farmers was unappeased by the action of the House, when we passed the bill,

in freezing farm prices at a minimum of 110 percent of parity, and thereby gave to the farmers a congressional guarantee of immunity from the hardships that all other elements of our population will have to endure until the war is won. This generous dispensation seems to have merely whetted their appetites, because now the bill comes back to us from the Senate and from conference with the new and scandalous provision in section 3 making it a condition precedent to the validity of any order or regulation affecting an agricultural commodity that the same shall first be given the blessing of the Secretary of Agriculture.

The transparency of the purpose of the farm bloc in writing this unheard of provision into the bill is so obvious as to border on the ridiculous were it not all so grimly serious. Is there anyone in this Chamber who is so naive as to believe that the Secretary of Agriculture will not exact the last pound of flesh for his farmer charges when it comes to handing down a decision on a proposed regulation of the Administrator with regard to the price of a farm commodity? We are confronted this afternoon by a challenge that must be met. No more than business, labor, or any other economic group are the farmers entitled to exploit the national emergency for their own advantage at the expense of the rest of the country. If, as in the case of farmers, every trade and profession in the country, from barbers to bankers, could look over the history of the country and choose the period in which their occupations had been most remunerative, and then decree that their average incomes during those golden eras should be the yardsticks for measuring the present and continuing value of their services, that would be an economic Utopia—but the fly in the ointment would be that our dollar bills would soon be inflated to the size of saddle blankets.

The action of the Senate and the conference committee in putting back into the bill the dangerous and un-American licensing clause is another challenge which must be courageously and decisively met by the House. In the very nature of things, the idea that our citizens must obtain licenses from their Government in order to carry on their legitimate private businesses does violence, and is repugnant to our system of free enterprise which has so largely contributed to the greatness of our country. If we smother free enterprise and tear the fabric of our domestic economy beyond repair during this period of emergency then, just as sure as today is Monday, we will be sailing stormy seas long after we have won the war. The importance of winning the war certainly transcends every other consideration, but I respectfully submit that breaking the spirits and stripping the cash registers and closing the doors of thousands of small businessmen throughout our country, by burdening them with a harsh and unreasonable licensing system, will hardly provide a stimulus for our all-out war effort. Let us not willfully and with our eyes open lead the country again through the vale of economic blundering, injustices, and business hardships which characterized the dole-

ful period of the N. R. A. and the Blue Eagle. Instead, let us keep faith with the country by recommitting this bill to conference with instructions to the House conferees to insist on the eliminating of the grant of power to the Secretary of Agriculture and the eliminating of the licensing clause.

(Mr. WILLIAM T. PHEIFFER asked and was given permission to revise and extend his remarks.)

Mr. STEAGALL. Mr. Speaker, I yield the remainder of my time to the gentleman from Missouri [Mr. WILLIAMS].

Mr. WILLIAMS. Mr. Speaker, there has been a great deal said about establishing an economic dictator. Some of the Members of this House have spoken as if we were not in the midst of a very serious situation. To hear them talk you would think that we, from an economic standpoint, could go on as usual, that there ought not to be any restrictions placed upon anybody or anything, and no effort made to control prices.

It has been said here that if this bill is passed we shall set up an economic czar and that he wants to destroy industry. If those in charge in this administration wanted to destroy industry there have already been granted infinitely more powers to do that than ever were contained in any price-control bill. The power over priorities, of allocation, of rationing, and of commandeering are all powers that now exist in the executive branch of this Government. If they were used in an effort to destroy industry it could be destroyed overnight.

We have heard a great deal said about licensing and, in fact, it seems that the question has narrowed down on a motion to recommit, as I understand it, to do away with the licensing provision in the conference report and to restore the review provisions that the House passed in its bill. These are the only two matters involved in the motion to recommit. Licensing is not some new, monstrous contrivance that has been designed overnight to destroy industry. I do not have to tell you that licensing is not anything new. During the last war Canada, England, and the United States used the licensing system. At that time food, fuel, agricultural implements, exports, and imports were controlled by a licensing system; and Mr. Hoover, the gentleman in charge of the Food Administration, said in his report that it was the very backbone of the enforcement plan, and without licensing it could not have been successfully carried on. In this war England and Canada are employing the licensing system; and this is not all. If you will examine the Federal statutes you will find over 20 of them contain various licensing provisions, and impose upon those who are engaged in certain enterprises and in the sale of certain commodities restrictions and limitations not only during war but during peacetime as well. We already have had in peacetime a system of licensing that applied to many commodities and a great many different businesses. There is not a State in the Union but what has a licensing system, and yet we have heard the complaint and the charge made here that this bill sets up a licensing system that

will destroy industry. There can be nothing farther from the truth than that.

There is not a single scintilla of power given to the Price Administrator under the licensing system that he does not already have under the other provisions of this act, and I challenge anybody to point out a single additional power which he has under the licensing provisions of the conference report. He already has authority to issue orders and fix prices and enforce them by injunction or by prosecution, yet we hear talk about what he is going to do under this licensing plan. What is it? What is the licensing provision in this bill we have heard so much talk about?

In the first place, any man engaged in any business as a matter of right and not in the discretion of the Administrator has the right to a license. In the next place, no license can be issued under any terms or any conditions which cannot be prescribed under the orders and regulations of the Administrator under other provisions of the bill. In the third place, if a person holding a license should violate it, the Price Administrator gives him a friendly warning, sends him a registered letter advising him of the fact and admonishing him against the continuance of a violation of the orders, regulations, or price ceilings to regulate or control under which the license was issued. Then if he persists in his conduct, if he continues to violate it, the Administrator may go into a court, into a State court, if you please, and ask that his license be suspended.

After a full and complete hearing in a court of justice, if the judge finds that the licensee has violated the provisions of the license after he received the warning notice from the Administrator, then his license may be suspended for a period not exceeding 1 year and the suspension may be for a day or 2 days or a week. Even after all of that, the decree or judgment of the court may be modified, it may be suspended, pending appeal, and he is given the right of appeal to the highest court in this land.

There never was a bill presented anywhere in the world where the individual's rights were more safeguarded than they are in this bill. I cannot imagine anyone being in favor of the criminal provisions of this bill which would hale a man into court, into a Federal court, and compel him to face a criminal charge and conviction for the sale of an article in excess of the maximum price fixed by the Administrator, I repeat, I cannot imagine him being in favor of that kind of enforcement as distinguished from the license plan. The licensing feature is moderate, it is mild and considerate compared with the criminal provisions that are provided for in connection with the enforcement of this act.

The only other provision involved in the motion to recommit has reference to the establishment of an administrative board of review as provided in the House bill. This is an administrative board, not a court. I say that such a provision in this act will seriously handicap, if not absolutely destroy, the enforcement of it. It is not a question, Mr. Speaker, whether

we should have a single price administrator or a board, it is not a question whether the authority should be placed in one man or in a board of five men; we have gone by that. This House repudiated that proposition when the bill was before it on an amendment which would have provided a board to administer this law. That was turned down. The bill, as we passed it, provided for the administration of the law by a single administrator. The Senate did likewise. That is in both bills. It is not a question now whether we want to return to a provision placing the administration of this act in the hands of one man—Mr. Henderson, if you please—or whether we will place it in the hands of three or five men with equal, coordinate powers to sit down around the council table, discuss and decide a price and issue an order in accordance with their finding.

Under this bill the Price Administrator has the power to go out and make an inspection, he has the power to get the information, he has the power, the right, and the duty to consider that price structure not only with reference to the industry the price of which he is fixing, but its relation to all other industries and its general effect on the whole economy of the entire country. After he has made that investigation, after he has reached a conclusion, it is suggested that an administrative board, not a court but an administrative board appointed by the Executive of this country and confirmed by the Senate, pass upon the orders and regulations of the Price Administrator, and substitute their judgment for his. That is what this bill would do with that provision in it.

As contrasted to that, under the provisions of the conference report, when the Price Administrator after all this investigation which he makes fixes a price, anyone who is aggrieved by reason of that decision has the right to enter a protest. He may file a protest and within 30 days he has the right to have a decision upon his protest. If that is denied, then he has the right of appeal to a court, not an administrative board but an independent court set up and established under the provisions of the conference report, the members of which court are appointed, if you please, by the Chief Justice of the United States Supreme Court. That Court has the right and it is its duty to review the proceedings under which the price ceiling was fixed by the Administrator. If the Administrator does not follow the law which this Congress lays down, he is reversed, and may I say that we are determining that policy. It is a legislative policy. We are passing this act. The responsibility is ours. It is the judgment, the decree, and the order of the Congress of the United States when this bill is passed. The Congress lays down the standards and establishes the procedure and tells and directs the Administrator what he shall do. If he does that in accordance with our mandate, it is not within the province of any administrative board or anybody else to set that order aside, because we as the legislative body determine the course that he is to pursue. We are establishing the standard. We would not get anywhere

by permitting an administrative board down here somewhere to come along and say: "We do not think those standards are right and we are going to set them aside." If you want to give that kind of authority to an administrative board you will be giving something in direct violation of the order, the decree and the enactment of this Congress itself. The provision for appeal is thrown around this set-up that we have in the pending conference report. It is infinitely better, it is right, it is the only right course. It is absolutely inconceivable, I repeat, to have a Price Administrator fixing the ceiling on prices and issuing the orders and decrees, then have another administrative board, an appointive board, come along and set his order and decree aside simply because they do not like them. In that case, may I say, they would be setting aside the decree and the order, the directions, and standards established by the Congress of the United States.

Mr. GIFFORD. Will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Massachusetts.

Mr. GIFFORD. The gentleman's argument is overpowering when he assures us that a judge in a court would be much more liberal about the license than he would with the criminal provisions. I want the gentleman to confess that he must agree that a court would be more lenient with a slight criminal fine than a man would be with the power to take away his license and his business. He says he would prefer the license and that it is simple. It is far from being simple. I ask the gentleman, would not the judge be just as liberal and lenient relating to the fine as he would about the matter of suspension of license?

Mr. WILLIAMS. The criminal enforcement of this act involves, as it does upon conviction, a possible 2 years' imprisonment in the penitentiary and a fine of \$5,000. Is that not a harsher remedy than a civil proceeding in a local court to determine whether or not the man, after he is given a friendly warning and admonition not to do so again, has violated a provision of a license? If he persists in his course of action, and after a full and fair trial he is found guilty, does not the gentleman believe there should be some restraint put upon him or does the gentleman believe that he should be permitted to go scot free regardless of how many times he has violated the law, and, if so, how would it be possible for the administrator to enforce a price ceiling, rule or price regulation or in any way control inflation.

Mr. GIFFORD. It is the province only of a Yankee to answer a question by asking one, which the gentleman did, but I say that everybody knows that a man, if he were conducting a large business, would rather be in jeopardy only of a fine than be in jeopardy of having his license to do business taken away from him and all his employees made idle.

Mr. WILLIAMS. I would take my stand on the side of a licensing provision—

Mr. GIFFORD. And I will stand on the other.

Mr. WILLIAMS. Because it is much milder and much more considerate, and a man is given every opportunity in the world, rather than to yank him up and hale him into court for some minor violation of the law and send him to the penitentiary for 2 years and place a \$5,000 fine on him.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. The gentleman from Massachusetts is proceeding on the theory that the court will be harsh in the case of the suspension of a license and mild in a criminal proceeding.

Mr. GIFFORD. No; the other way around.

Mr. McCORMACK. The gentleman's question does not show that.

Mr. STEAGALL. Mr. Speaker, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Alabama.

Mr. STEAGALL. I suggest to the gentleman from Missouri that the criminal provision of this bill would apply effectively to a businessman who was not equipped to conduct defenses in the courts of the country and employ counsel throughout the year. The average citizen would obey it readily. The only way you can enforce this law effectively against the large businessman, with his attorneys hired by the year and equipped to conduct defenses in the courts of the country, is to invoke the licensing provision.

Mr. WILLIAMS. There is no question but that the licensing provisions of the bill are the only effective, efficient, and fair way to administer it. I come back to the proposition that it is much more reasonable, much more conservative, much milder, and more considerate of the individual than the criminal provision, which would bring him into court and subject him to criminal punishment. When the motion to recommit is offered, it should be voted down.

[Here the gavel fell.]

The SPEAKER. All time has expired. Under a previous order of the House the previous question is ordered.

Mr. WOLCOTT. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the conference report?

Mr. WOLCOTT. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. WOLCOTT moves to recommit the conference report to the committee of conference with instructions to the managers on the part of the House to insist upon the disagreement to subsections (f) (1) and (2) of section 205 of the Senate amendment relating to licenses, and insist upon sections 201, 202, 203, and 204 of the House bill, relating to review by an administrative board.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and on a division (demanded by Mr. WOLCOTT) there were—ayes 125, noes 143.

Mr. WOLCOTT. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 189, nays 210, not voting 31, as follows:

[Roll No. 12]

YEAS—189

Allen, Ill.	Gearhart	O'Connor
Andersen,	Gehrmann	O'Hara
H. Carl	Gerlach	Oliver
Anderson, Calif.	Gifford	Paddock
Anderson,	Gilchrist	Pearson
N. Mex.	Gillette	Peterson, Fla.
Andresen,	Gillie	Peterson, Ga.
August H.	Graham	Pheiffer,
Andrews	Grant, Ind.	William T.
Angell	Green	Pittenger
Arends	Guyer	Ploesser
Arnold	Gwynne	Plumley
Bates, Mass.	Hall,	Powers
Baumhart	Edwin Arthur	Rankin, Miss.
Bender	Halleck	Rankin, Mont.
Bennett	Hancock	Reece, Tenn.
Bishop	Harness	Reed, Ill.
Blackney	Harrington	Reed, N. Y.
Bolton	Hartley	Rees, Kans.
Boren	Heldinger	Rizley
Bradley, Mich.	Hendricks	Robertson,
Brown, Ohio	Hess	N. Dak.
Buckler, Minn.	Hill, Colo.	Robson, Ky.
Burdick	Hill, Wash.	Rockefeller
Butler	Hoffman	Rockwell
Canfield	Holmes	Rodgers, Pa.
Carlson	Hope	Rogers, Mass.
Case, S. Dak.	Howell	Rolph
Chenoweth	Hull	Sauthoff
Chipperfield	Jarrett	Scott
Clason	Jenkins, Ohio	Shafer, Mich.
Clevenger	Jenks, N. H.	Sheridan
Cluett	Jennings	Short
Coffee, Nebr.	Johns	Sikes
Cole, N. Y.	Johnson, Calif.	Simpson
Cooley	Johnson, Ill.	Smith, Ohio
Copeland	Johnson, Ind.	Smith, Wis.
Cox	Johnson, Okla.	Springer
Cravens	Jones	Stearns, N. H.
Crawford	Jonkman	Stefan
Crowther	Kean	Stevenson
Culkin	Keefe	Sumner, Ill.
Cunningham	Kilburn	Taber
Curtis	Kilday	Talle
Day	Kinzer	Thill
Dewey	Kleberg	Thomas, N. J.
Dies	Knutson	Tibbott
Dirksen	Lambertson	Tinkham
Disney	Lanham	Traynor
Ditter	LeCompte	Treadway
Dondero	Ludlow	Van Zandt
Douglas	McGehee	Vorys, Ohio
Dworshak	McGregor	Wasielewski
Eaton	McLean	West
Elliott, Calif.	Maas	Wheat
Elston	Martin, Iowa	White
Engel	Martin, Mass.	Wickersham
Englebright	Mason	Wigglesworth
Faddis	Michener	Wilson
Fellows	Mott	Winter
Fenton	Mundt	Wolcott
Fish	Murdock	Wolfenden, Pa.
Ford, Leland M.	Murray	Wolverton, N. J.
Ford, Miss.	Norrell	Woodruff, Mich.
Gale	O'Brien, N. Y.	Youngdahl

NAYS—210

Allen, La.	Casey, Mass.	Ellis
Baldwin	Celler	Fitzgerald
Barden	Chapman	Fitzpatrick
Barnes	Clark	Flaherty
Barry	Claypool	Flannagan
Bates, Ky.	Cochran	Fogarty
Beam	Coffee, Wash.	Folger
Beckworth	Cole, Md.	Forand
Beiter	Collins	Ford, Thomas F.
Bell	Colmer	Fulmer
Bland	Cooper	Gamble
Bloom	Costello	Gathings
Boland	Courtney	Gibson
Bonner	Creal	Gore
Boykin	Crosser	Gossett
Bradley, Pa.	Cullen	Granger
Brooks	D'Alesandro	Grant, Ala.
Brown, Ga.	Delaney	Gregory
Bryson	Dickstein	Haines
Bulwinkle	Dingell	Hall,
Burch	Domeneaux	Leonard W.
Burgin	Doughton	Hare
Byrne	Downs	Harris, Ark.
Byron	Drewry	Hart
Camp	Duncan	Harter
Cannon, Fla.	Durham	Healey
Cannon, Mo.	Eberharter	Heffernan
Capozzoli	Edmiston	Hobbs
Cartwright	Eliot, Mass.	Hook

Houston
Hunter
Imhoff
Izac
Jackson
Jacobsen
Jarman
Johnson
Johnson, A.
Johnson, W. Va.
Kee
Kefauver
Kelley, Pa.
Kelly, Ill.
Kennedy
Martin J.
Kennedy
Michael J.
Keogh
Kerr
Kirwan
Klein
Kocialkowski
Kopplemann
Kunkel
Lane
Lea
Lea
Leavy
Lesinski
Lewis
Lynch
McCormack
McGranery
McKeough
McLaughlin
McMillan
Maciejewski
Maciora
Mahon
Manasco
Mansfield
May
Merritt

Meyer, Md.
Mills, Ark.
Mills, La.
Mitchell
Monroney
Moser
Myers, Pa.
Nelson
Norton
O'Brien, Mich.
O'Leary
O'Neal
O'Toole
Pace
Patman
Patrick
Patton
Pfeifer
Joseph L.
Pierce
Piauché
Poage
Priest
Rabaut
Ramsay
Ramspeck
Randolph
Richards
Rivers
Robertson, Va.
Robinson, Utah
Rogers, Okla.
Russell
Sabath
Sacks
Whelchel
Sanders
Sasser
Satterfield
Scanlon
Schuetz
Schulte
Scrugham
Secret

Shanley
Shannon
Sheppard
Smith, Maine
Smith, Pa.
Smith, Va.
Smith, Wash.
Smith, W. Va.
Snyder
Somers, N. Y.
South
Sparkman
Spence
Starnes, Ala.
Steagall
Sullivan
Summers, Tex.
Sutphin
Sweeney
Tanner
Tenerowicz
Terry
Thom
Thomas, Tex.
Thomason
Tolan
Vincent, Ky.
Vinson, Ga.
Voorhis, Calif.
Waiter
Ward
Weaver
Welch
Wene
Whitton
Whittington
Williams
Woodrum, Va.
Wright
Young
Zimmerman

NOT VOTING—31

Boehne
Boggs
Buck
Buckley, N. Y.
Carter
Davis, Ohio
Davis, Tenn.
Gavagan
Harris, Va.
Hébert
Hinshaw

Holbrook
Jensen
Johnson
Lyndon B.
Kramer
Landis
Larrabee
McIntyre
Magnuson
Marcantonio
Nichols

O'Day
Osmer
Rich
Romjue
Schaefer, Ill.
Stratton
Vreeland
Wadsworth
Weiss
Worley

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Wadsworth for, with Mr. Romjue against.

Mr. Landis for, with Mr. Holbrook against.

Until further notice:

Mr. Boehne with Mr. Rich.
Mr. Harris of Virginia with Mr. Carter.
Mr. Nichols with Mr. Vreeland.
Mr. Boggs with Mr. Stratton.
Mr. Buck with Mr. Osmer.
Mr. Hébert with Mr. Jensen.
Mr. Bryson with Mr. Hinshaw.
Mr. Larrabee with Mr. Marcantonio.
Mr. Gavagan with Mr. Magnuson.
Mr. Buckley of New York with Mr. Weiss.
Mr. Kramer with Mr. Schaefer of Illinois.
Mr. McIntyre with Mr. Lyndon B. Johnson.

Mr. Davis of Ohio with Mrs. O'Day.
Mr. Worley with Mr. Davis of Tennessee.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on agreeing to the conference report.

Mr. WOLCOTT. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.
The question was taken; and there were—yeas 286, nays 112, not voting 32, as follows:

[Roll No. 13]

YEAS—286

Allen, La.
Anderson,
N. Mex.
Andrews
Angell
Arnold
Baldwin
Barden
Barnes
Barry
Bates, Ky.
Bates, Mass.
Baumhart
Beam
Beckworth
Belter
Bell
Bender
Blackney
Bland
Bloom
Boland
Bolton
Bonner
Boykin
Bradley, Pa.
Brooks
Brown, Ga.
Bryson
Buck
Bulwinkle
Burch
Burkin
Byrne
Byron
Camp
Canfield
Cannon, Fla.
Cannon, Mo.
Capozzoli
Carter
Casey, Mass.
Celler
Chapman
Clark
Clason
Claypool
Cochran
Coffee, Wash.
Cole, N. Y.
Collins
Colmer
Cooley
Cooper
Costello
Courtney
Cox
Cravens
Creal
Crosier
Cullen
D'Alesandro
Davis, Tenn.
Delaney
Dewey
Dickstein
Dingell
Dirksen
Domengeaux
Doughton
Downs
Drewry
Duncan
Durham
Eaton
Eberharter
Edmiston
Elliot, Mass.
Ellis
Elston
Engel
Englebright
Fellows
Fish
Fitzgerald
Fitzpatrick
Flaherty
Flannagan
Fogarty
Folger
Forand
Ford, Miss.
Ford, Thomas F.
Fulmer
Gale
Gamble
Gathings
Gavagan

Gibson
Gifford
Gilchrist
Gossett
Granger
Grant, Ala.
Green
Gregory
Gwynne
Haines
Hall
Leonard W.
Hancock
Hare
Harris, Ark.
Hart
Harter
Hartley
Healey
Heffernan
Hendricks
Hess
Hobbs
Holmes
Hook
Houston
Hunter
Imhoff
Izac
Jackson
Jacobsen
Jarman
Jenkins, Ohio
Jenks, N. H.
Jennings
Johnson
Luther A.
Johnson, Okla.
Johnson, W. Va.
Kean
Kee
Keefe
Kefauver
Kelley, Pa.
Kelly, Ill.
Kennedy
Martin J.
Kennedy
Michael J.
Keogh
Kerr
Kirwan
Klein
Knutson
Kocialkowski
Kopplemann
Kunkel
Lane
Lea
LeCompte
Lesinski
Lewis
Lynch
McCormack
McGranery
McGregor
McKeough
McLaughlin
McLean
McMillan
Maas
Maciejewski
Maciora
Mahon
Manasco
Mansfield
Martin, Mass.
May
Merritt
Meyer, Md.
Michener
Mills, Ark.
Mills, La.
Mitchell
Monroney
Moser
Mott
Murdock
Myers, Pa.
Nelson
Norrell
Norton
O'Brien, Mich.
O'Brien, N. Y.
O'Leary
Oliver
O'Neal
O'Toole

Pace
Patman
Patrick
Patton
Peterson, Fla.
Peterson, Ga.
Pfeifer
Joseph L.
Pheiffer
William T.
Pierce
Pittenger
Piauché
Plumley
Poage
Powers
Priest
Rabaut
Ramsay
Ramspeck
Randolph
Rankin, Mont.
Richards
Rivers
Robertson, Va.
Robinson, Utah
Rogers, Mass.
Rogers, Okla.
Rolph
Russell
Sabath
Sacks
Sanders
Sasser
Satterfield
Scanlon
Schuetz
Schulte
Scrugham
Secret
Shafer, Mich.
Shanley
Shannon
Sheppard
Sheridan
Short
Simpson
Smith, Pa.
Smith, Va.
Smith, Wash.
Smith, W. Va.
Smith, Wls.
Snyder
Somers, N. Y.
South
Sparkman
Spence
Steagall
Stearns, N. H.
Stevenson
Sullivan
Summers, Tex.
Sutphin
Sweeney
Tallie
Tanner
Tenerowicz
Terry
Thill
Thom
Thomas, Tex.
Thomason
Tinkham
Tolan
Traynor
Treadway
Vincent, Ky.
Vinson, Ga.
Voorhis, Calif.
Vorys, Ohio
Waiter
Ward
Weaver
Weiss
Welch
Wene
Whelchel
Whitten
Whittington
Wigglesworth
Williams
Wolverton, N. J.
Woodrum, Va.
Wright
Young
Youngdahl
Zimmerman

NAYS—112

Allen, Ill.
Andersen,
H. Carl
Anderson, Calif.
Andresen,
August H.
Arends
Bennett
Bishop
Boren
Bradley, Mich.
Brown, Ohio
Buckler, Minn.
Burdick
Butler
Carlson
Case, S. Dak.
Chenoweth
Chiperfield
Clevenger
Cluett
Coffee, Nebr.
Cole, Md.
Copeland
Crawford
Culkin
Cunningham
Curtis
Day
Dies
Dinsley
Ditter
Douglas
Dworschak
Elliott, Calif.
Faddis
Fenton
Ford, Leland M.
Gearhart

Gehrmann
Gerlach
Gillette
Gillie
Gore
Graham
Grant, Ind.
Guyer
Hall
Edwin Arthur
Halleck
Harness
Harrington
Heldinger
Hill, Colo.
Hill, Wash.
Hoffman
Hope
Howell
Hull
Jarrett
Johns
Johnson, Calif.
Johnson, Ill.
Johnson, Ind.
Jones
Jonkman
Kilburn
Kilday
Kinzer
Kleberg
Lambertson
Lanham
Ludlow
McGehee
Martin, Iowa
Mason
Mundt
Murray

O'Connor
O'Hara
Pearson
Ploeser
Rankin, Miss.
Reece, Tenn.
Reed, Ill.
Reed, N. Y.
Rees, Kans.
Rizley
Robertson,
N. Dak.
Robson, Ky.
Rockefeller
Rockwell
Rodgers, Pa.
Sauthoff
Scott
Sikes
Smith, Ohio
Springer
Starnes, Ala.
Stefan
Summer, Ill.
Taber
Thomas, N. J.
Tibbott
Van Zandt
Wasielewski
West
Wheat
White
Wickersham
Wilson
Winter
Wolcott
Woffenden, Pa.
Woodruff, Mich.

NOT VOTING—32

Boehne
Boggs
Buckley, N. Y.
Cartwright
Crowther
Davis, Ohio
Dondero
Harris, Va.
Hébert
Hinshaw
Holbrook

Jensen
Johnson
Lyndon B.
Kramer
Landis
Larrabee
Leavy
McIntyre
Magnuson
Marcantonio
Nichols

O'Day
Osmer
Paddock
Rich
Romjue
Schaefer, Ill.
Smith, Maine
Stratton
Vreeland
Wadsworth
Worley

So the conference report was agreed to.
The Clerk announced the following additional pairs:

General pairs:

Mr. Romjue with Mr. Wadsworth.
Mr. Holbrook with Mr. Landis.
Mr. Boehne with Mr. Rich.
Mr. Nichols with Mr. Vreeland.
Mr. Boggs with Mr. Stratton.
Mr. Hébert with Mr. Jensen.
Mr. Larrabee with Mr. Marcantonio.
Mr. Magnuson with Mr. Osmer.
Mr. Harris of Virginia with Mr. Crowther.
Mr. Kramer with Mr. Dondero.
Mr. Schaefer of Illinois with Mr. Paddock.
Mr. Davis of Ohio with Mrs. Smith of Maine.
Mr. McIntyre with Mr. Hinshaw.
Mr. Lyndon B. Johnson with Mrs. O'Day.
Mr. Worley with Mr. Leavy.

~~ENROLLED BILLS SIGNED~~

Mr. KIRWAN, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 902. An act granting an increase of pension to Elizabeth Painter Menoher;

H. R. 3330. An act to authorize the sale, exchange, or other disposition of certain securities held by the Secretary of the Treasury;

H. R. 4848. An act to provide for regulating, inspecting, cleaning, and, when necessary, disinfecting railway cars, other vehicles, and other materials entering the United States from Mexico;

H. R. 5171. An act to amend section 392 of the Agricultural Adjustment Act of 1938, as amended, so as to provide for separate appropriation accounts for administrative expenses of the Agricultural Adjustment Administration, so as to modify the 1- and 2-percent limitations on administrative expenses and to provide over-all limitations in lieu thereof, and for other purposes;

H. R. 6220. An act to amend section 3 of the Subsistence Expense Act of 1926, as amended; and

H. R. 6304. An act authorizing appropriations for the United States Navy, additional shipbuilding and ship-repair facilities, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. KIRWAN, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President for his approval bills of the House of the following titles:

H. R. 902. An act granting an increase of pension to Elizabeth Painter Menoher;

H. R. 3330. An act to authorize the sale, exchange, or other disposition of certain securities held by the Secretary of the Treasury;

H. R. 4849. An act to provide for regulating, inspecting, cleaning, and, when necessary, disinfecting railway cars, other vehicles, and other materials entering the United States from Mexico;

H. R. 5171. An act to amend section 392 of the Agricultural Adjustment Act of 1938, as amended, so as to provide for separate appropriation accounts for administrative expenses of the Agricultural Adjustment Administration, so as to modify the 1- and 2-percent limitations on administrative expenses and to provide over-all limitations in lieu thereof, and for other purposes;

H. R. 6220. An act to amend section 3 of the Subsistence Expense Act of 1926, as amended; and

H. R. 6304. An act authorizing appropriations for the United States Navy, additional shipbuilding and ship-repair facilities, and for other purposes.

Mr. CULLEN, Mr. LEA, and Mr. COLE of New York changed their votes from "no" to "aye."

The result of the vote was announced as above recorded.

A motion to reconsider the vote by which the conference report was agreed to was laid on the table.

DISTRICT OF COLUMBIA BUSINESS—ROCK CREEK CEMETERY

Mr. RANDOLPH. Mr. Speaker, I call up the bill, H. R. 6107, to authorize the Commissioners of the District of Columbia to permit the vestry of Rock Creek Parish to utilize for burial sites certain lands within its present holdings in Rock Creek Cemetery.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

Mr. MARTIN of Massachusetts. Mr. Speaker, I reserve the right to object. Will the gentleman explain the legislation?

Mr. RANDOLPH. The purpose of this legislation is to authorize the Commissioners to permit the vestry of Rock Creek Parish to lay out and utilize for burial sites a parcel of land that it now owns as a part of Rock Creek Cemetery in which burials are now prohibited. The Health Officer of the District of Columbia states that the use of this land will not constitute a health menace.

The SPEAKER. Is there objection? There was no objection.

The Clerk read the bill as follows:

Be it enacted, etc., That the Commissioners of the District of Columbia be, and they are hereby, authorized and directed, without regard to the provisions of section 84, chapter 4, title 5, of the Code of Law for the District of Columbia and notwithstanding any provision of law to the contrary, to permit the vestry of Rock Creek Parish to lay out and utilize for burial sites that parcel of land owned by the vestry in Rock Creek Cemetery in the District of Columbia shown on survey map numbered 2593, filed in the Office of the Surveyor of the District of Columbia on October 28, 1941, and to maintain perpetually such parcel of land as a part of Rock Creek Cemetery.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

AMENDING THE DISTRICT OF COLUMBIA ALLEY DWELLING ACT

Mr. RANDOLPH. Mr. Speaker, I call up the bill H. R. 5306, to amend the District of Columbia Alley Dwelling Act, and ask unanimous consent that it be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection?

Mr. MARTIN of Massachusetts. Mr. Speaker, I reserve the right to object. What is the bill about?

Mr. RANDOLPH. Mr. Speaker, the primary purpose of the bill is to clarify existing provisions in the District of Columbia Alley Dwelling Act with respect to the Alley Dwelling Authority power to borrow money. The present act is not clear as to the power to borrow either public or private funds under both titles of the law, and to pledge the rents and the income received from rentals, as security for the debt. In connection with this borrowing, the legislation which we present today provides that the debt shall not be an obligation of the United States or the District of Columbia, but is secured only by the property and the revenues therefrom.

Mr. MARTIN of Massachusetts. Are the Commissioners in favor of the legislation?

Mr. RANDOLPH. They are.

Mr. HOLMES. Mr. Speaker, I further reserve the right to object. Does this have anything to do with, or propose new legislation to build additional houses for defense workers in the District of Columbia?

Mr. RANDOLPH. No; although there is a relationship to that subject. Low-cost housing and slum clearance would be continued.

Mr. HOLMES. Does it take the Alley Dwelling Authority out of the control of Congress or any Executive department?

Mr. RANDOLPH. No.

Mr. HOLMES. If they are not responsible to any authority here in connection with the spending of money, are they not automatically taken out of the control of the Congress or any other Executive authority?

Mr. RANDOLPH. The Alley Dwelling Authority is directly responsible to the President of the United States.

Mr. HOLMES. Insofar as their funds are concerned, from now under this act they will be authorized to borrow money, to build buildings, and charge rent, and amortize them in any shape or manner they see fit. In other words, they will have a free rein on the question of how the money is collected and disposed of.

Mr. RANDOLPH. The Alley Dwelling Authority has that now. They establish their own rents, and report to the President of the United States their actions. In no wise do we change the basic legislation as it exists at the present time except as I said, to allow borrowing rights which they do not now possess. There are other slight changes to be considered, including travel allowance and use of a seal.

Mr. HOLMES. That is for new construction?

Mr. RANDOLPH. That is right.

Mr. HOLMES. In other words, the program is going to be expanded in the District of Columbia?

Mr. RANDOLPH. It is my understanding that there is a need for the program to be expanded.

Mr. HOLMES. Mr. Speaker, I will have to object. I would like to look into it a little further.

The SPEAKER. Objection is heard.

Mr. RANDOLPH. Mr. Speaker, I withdraw the bill.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted to Mr. JENSEN (at the request of Mr. GILCHRIST) for today, on account of illness.

AMENDING CHAPTER 19 OF THE CODE OF LAW FOR THE DISTRICT OF COLUMBIA

Mr. RANDOLPH. Mr. Speaker, by the direction of the Committee on the District of Columbia, I call up the bill (H. R. 6375) to amend subchapter 2 of chapter 19 of the Code of Law for the District of Columbia.

The Clerk read the title of the bill.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman explain the purport of the bill?

Mr. RANDOLPH. The purpose of this bill is to make it a felony to steal from any vehicle in the District of Columbia any tires, or tubes, or wheels, or batteries, or any other equipment attached to a car. The measure is designed particularly to cover situations where thieves strip cars of their accessories or drain gasoline from automobiles in Washington, D. C. The sentence of the court may, in its discretion, be not in excess of 10 years, as the particular case may warrant.

Mr. MARTIN of Massachusetts. Does the gentleman mean 10 years for stealing a tire?

Mr. RANDOLPH. During the war period it is believed necessary to place a stiff penalty, but this would not exceed 10 years.

Mr. COCHRAN. Mr. Speaker, will the gentleman yield?

Mr. RANDOLPH. I yield.

Mr. COCHRAN. At the present time it is a misdemeanor?

Mr. RANDOLPH. That is correct.



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 77th CONGRESS, SECOND SESSION

PLEASE RETURN TO
LEGISLATIVE REPORTS AND SERVICE
Office of Budget and Finance
FILE COPY

Vol. 88

WASHINGTON, TUESDAY, JANUARY 27, 1942

No. 19

Senate

(Legislative day of Friday, January 23, 1942)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, the Very Reverend ZēBarney T. Phillips, D. D., offered the following prayer:

Almighty God and Everlasting Father, from whom cometh every good and perfect gift, for all that is in the heaven and in the earth is Thine, and unto Thee we ascribe all might, majesty, dominion, and power, for Thine is the Kingdom, O Lord, and Thou art exalted as Head above all: Reveal to us now, in these bewildering days, the necessity for physical, moral, and spiritual discipline, by which alone our people can overcome their lethargy and indifference to those things which threaten the security, stability, and ultimate triumph of the ideals of our beloved America.

Give to us a deep and lasting appreciation of the stainless beauty of the moral law, from which men derive strength and courage, if they would be brave and noble, in the conflict with self and with the enemies of peace. If there be those among us who are weak, lead them, we beseech Thee, if only step by step, past the dread moment of uncertainty, into that glorious experience in which an undivided loyalty to God and country shall dominate their lives as Thou dost set their hearts at liberty.

We ask it in the Name and for the sake of Him who yielded up His life upon the Cross for the redemption of mankind, Jesus Christ, Thy Son, our Lord. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day, Monday, January 26, 1942, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had passed a bill (H. R. 6107) to authorize the Commissioners of the District of Columbia to permit the vestry of Rock Creek Parish to utilize for burial sites certain land within its present holdings in Rock Creek Cemetery, in

which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H. R. 5591. An act to amend the District of Columbia Revenue Act of 1939, and for other purposes; and

H. R. 5895. An act to authorize the Library of Congress Trust Fund Board to allocate one-half of the income from certain property to the Smithsonian Institution.

NOTICE OF HEARING ON NOMINATION OF JOHN W. DELEHANT TO BE DISTRICT JUDGE

Mr. VAN NUYS. Mr. President, the Committee on the Judiciary has received the nomination of John W. Delehant, of Nebraska, to be a district judge for the district of Nebraska.

The Senator from Delaware [Mr. HUGHES], who is the chairman of the subcommittee considering this nomination, is necessarily absent from the Senate today, and has requested me in his behalf to give notice, as required by a rule of the committee, that Wednesday, February 4, at 10:30 a. m., has been set as the time for a hearing on the nomination in the Judiciary Committee room.

NOTICE OF HEARING ON NOMINATION OF WILLIAM A. EK WALL TO BE CUSTOMS COURT JUDGE

Mr. MCFARLAND. Mr. President, the Committee on the Judiciary has received the nomination of Hon. William A. Ekwall, of Oregon, to be judge of the United States Customs Court.

As required by a rule of the committee, and as chairman of the subcommittee considering this nomination, I hereby give notice that Wednesday, February 4, at 10 a. m., has been set as the time for a hearing on the nomination in the Judiciary Committee room.

CALL OF THE ROLL

Mr. HILL. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Gerry	O'Daniel
Andrews	Gillette	O'Mahoney
Austin	Glass	Overton
Bailey	Green	Radcliffe
Ball	Guffey	Reed
Bankhead	Gurney	Reynolds
Barkley	Hayden	Rosier
Blibo	Herring	Russell
Bone	Hill	Shipstead
Brewster	Holman	Smathers
Brooks	Johnson, Calif.	Smith
Brown	Johnson, Colo.	Stewart
Bulow	Kilgore	Taft
Bunker	La Follette	Thomas, Idaho
Butler	Langer	Thomas, Okla.
Byrd	Lee	Thomas, Utah
Capper	Lodge	Tobey
Caraway	Lucas	Truman
Chandler	McFarland	Tunnell
Chavez	McKellar	Tydings
Clark, Idaho	McNary	Vandenberg
Clark, Mo.	Maloney	Van Nuys
Connally	Maybank	Wagner
Danaher	Mead	Wallgren
Davis	Millikin	Walsh
Downey	Murdock	Wheeler
Doxey	Murray	White
Ellender	Norris	Wiley
George	Nye	Willis

Mr. HILL. I announce that the Senator from New Mexico [Mr. HATCH] is absent from the Senate because of illness.

The Senator from Delaware [Mr. HUGHES], the Senator from Nevada [Mr. MCCARRAN], the Senator from Wyoming [Mr. SCHWARTZ], and the Senator from Arkansas [Mr. SPENCER] are necessarily absent.

The Senator from Florida [Mr. PEPPER] is detained on important public business.

Mr. AUSTIN. The Senator from New Jersey [Mr. BARBOUR] is absent on official business.

The Senator from Ohio [Mr. BURTON] is absent on public business.

The Senator from New Hampshire [Mr. BRIDGES] is absent in a hospital because of a hip injury.

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present.

RESOLUTION OF COUNCIL OF THE CITY OF RACINE, WIS.—AMENDMENT OF SOCIAL SECURITY ACT

Mr. WILEY. Mr. President, I present for printing in the Record and appro-

appropriate reference a resolution adopted by the Common Council of the City of Racine, Wis., relative to amendment of the Social Security Act in connection with old-age assistance.

There being no objection, the resolution was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

Whereas under the present Federal Social Security Act no provision is made for retirement income for those who have already reached retirement age, or for those who will later attain that age, who have as farmers or business or professional men and women or in other capacities created jobs for themselves and others, nor for those who have been employed on farms or in homes, churches, public offices, or other employment excluded from title II of the Federal Social Security Act, except by submitting to poverty registration of themselves and all members of their families, while retirement income and widow's pensions are made available to all employed in business and industrial establishments without question as to their economic status:

Resolved, That the Congress of the United States of America is hereby requested to amend title I of the Social Security Act so as to make a minimum of \$30 per month available, as a matter of right, to every retired citizen 60 years of age or older who is not drawing annuities of that amount under any other Federal system, as provided in the General Welfare Act, H. R. 1410, now pending in Congress; further

Resolved, That the city clerk is hereby authorized and directed to send a certified copy of this resolution to the United States Senators from Wisconsin and the Member of Congress from this congressional district.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. McKELLAR, from the Committee on Appropriations:

H. R. 6448. A bill making supplemental appropriations for the national defense for the fiscal years ending June 30, 1942, and June 30, 1943, and for other purposes; without amendment (Rept. No. 994).

By Mr. WALSH, from the Committee on Naval Affairs:

S. 2192. A bill to extend the time for examination of quarterly accounts covering expenditures by disbursing officers of the United States Navy; with amendments (Rept. No. 995);

S. 2193. A bill to amend the act approved October 24, 1941, entitled "An act to authorize the Secretary of the Navy to provide salvage facilities, and for other purposes" (Public Law No. 280, 77th Cong.), so as to remove the limitation on the sum authorized to be appropriated annually to effectuate the purposes of the act; without amendment (Rept. No. 996);

H. R. 4151. A bill to authorize the acquisition by the United States of lands lying between the present boundary of the Naval Air Station, Lakehurst, N. J., and the new boundary of Fort Dix, in the county of Ocean and State of New Jersey; without amendment (Rept. No. 997); and

H. R. 6333. A bill to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes; with amendments (Rept. No. 998).

By Mr. THOMAS of Utah, from the Committee on Mines and Mining:

S. 2066. A bill to make permanently effective the act regulating interstate and foreign commerce in petroleum and its products; without amendment (Rept. No. 999).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WHITE:

S. 2228. A bill for the relief of Carl L. Jones; to the Committee on Claims.

By Mr. WALSH:

S. 2229. A bill to provide for the retirement, rank, and pay of heads of staff departments of the Marine Corps; to the Committee on Naval Affairs.

By Mr. GERRY:

S. 2230. A bill to provide for the transfer of all functions, operations, and activities carried on by the War Department in connection with the procurement, laying, maintenance, and control of submarine mines and mine fields, together with the property and facilities pertaining thereto, including the Army Mine Planter Service, to the jurisdiction of the Navy Department, and for other purposes; to the Committee on Naval Affairs.

By Mr. WHEELER:

S. 2231. A bill granting a pension to Nettie M. Clapp (with accompanying papers); to the Committee on Pensions.

HOUSE BILL REFERRED

The bill (H. R. 6107) to authorize the Commissioners of the District of Columbia to permit the vestry of Rock Creek Parish to utilize for burial sites certain land within its present holdings in Rock Creek Cemetery was read twice by its title and referred to the Committee on the District of Columbia.

REPORT ON REEXAMINATION OF THE SABINE-NECHES WATERWAY, TEX.

Mr. BAILEY presented a letter from the Secretary of War, transmitting a report dated July 16, 1941, from the Chief of Engineers of the Army, together with accompanying papers and illustrations, on reexamination of the Sabine-Neches Waterway, Tex., which was referred to the Committee on Commerce and ordered to be printed, with illustrations.

ADDRESS BY SENATOR MEAD ON CIVIL-SERVICE RETIREMENT

[Mr. MEAD asked and obtained leave to have printed in the RECORD a radio address delivered by him on January 19, 1942, on the subject of civil-service retirement, which appears in the Appendix.]

ATHLETIC ACTIVITIES OF SENATOR CHANDLER—ARTICLE BY VINCENT X. FLAHERTY

[Mr. LA FOLLETTE asked and obtained leave to have printed in the RECORD an article by Vincent X. Flaherty, published in the Washington Times Herald of January 27, 1942, dealing with the athletic activities of Senator CHANDLER, which appears in the Appendix.]

INDUSTRIAL WAGES—LETTER FROM PHILIP N. BLADINE

[Mr. HOLMAN asked and obtained leave to have printed in the RECORD a letter addressed to him by Philip N. Bladine, of McMinnville, Oreg., editor of the Telephone Register, which appears in the Appendix.]

PRODUCTION OF BUTTERFAT IN ARKANSAS

[Mr. HOLMAN asked and obtained leave to have printed in the RECORD an article from the Parsons Daily Sun, of Parsons, Kans., relative to the production of butterfat from

certain herds of cows in Kansas, which appears in the Appendix.]

PRICE CONTROL—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 5990) to further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the conference report.

Mr. BROWN. Mr. President, I shall make a very brief statement of changes made in the conference report from the provisions of the bill as it passed the Senate.

There were seven major points of difference.

The Senate bill provided for a full licensing system, which extended to all wholesale and retail outlets and other outlets for commodities. In conference no change was made in the substance of the Senate section relative to licensing.

It will be recalled that the Senate committee, as well as the Senate itself, approved the licensing provisions, which are substantially as follows:

First, the proprietor of every retail and wholesale outlet has a right as a matter of course to a license to do business; and the license may be taken away only if he twice violates its provisions, or the regulations surrounding it. After the first violation a warning is to be sent. After the second violation the Administrator is empowered to go into court and ask for a cancellation of the license. The license may then be canceled by the court for a period not exceeding 12 months. If the violation was slight, it probably would be canceled for a week or a month, or any part of 12 months.

The only change made in conference was this: The bill as reported by the Senate committee and as it passed the Senate required that such proceedings should be conducted in the local State courts; but it also provided that if the place of business of the person against whom a violation was asserted was within 50 miles of a Federal court, the matter could be heard in the Federal court. At the request of the House conferees we struck out that exception; and all cases must be tried in the local courts unless the amount of total gross sales is \$100,000, or unless there is interstate business.

Mr. McNARY. Mr. President—
Mr. BROWN. I yield to the Senator from Oregon.

Mr. McNARY. Is not that the same provision that was in the bill as it passed the Senate?

Mr. BROWN. The only difference is that in the bill as it passed the Senate there was jurisdiction in the Federal courts in any kind of a case if the store, for example, was within 50 miles of the Federal court. That provision was eliminated in conference.

Mr. McNARY. I am speaking with reference to the general topic. There has been no change in that feature?

Mr. BROWN. I will say to the Senator from Oregon that there has been no substantial change.

With respect to the second substantial question—a single price administrator instead of either a primary board charged with the administration, or an appeal board over and above the authority of the single administrator—the Senate provisions were agreed to. That is, the bill now provides for a single administrator with plenary authority over prices, subject only to the Bankhead amendment, which I shall discuss a little later, and to an emergency court of appeals, whose jurisdiction is confined to the legal question of whether a particular order before the court is within the purview of the act.

Mr. BONE. Mr. President—

Mr. BROWN. I yield to the Senator from Washington.

Mr. BONE. As I understand the bill, the licensing feature is sufficiently broad in its language to cover all transactions, both interstate and intrastate—business, great and small.

Mr. BROWN. The Senator is correct about that.

Mr. BONE. I raised this question several days ago when the bill was under consideration; and I think someone on the other side of the aisle—I believe it was the Senator from Ohio [Mr. TARTT]—said that the question of rents was so broad that those who favored this type of legislation felt that they ought not to undertake to include rents within its terms, because of the tremendous field they cover. I know, however, that in my own experience—and I think it will be generally conceded to be the case—rent forms a very substantial part of the expenditures of the average man. The rent he pays may take 20 percent of his income, though probably not so much as food. I admit that food and clothing and the other necessary items of expense of the average family exceed rent; but rent is a tremendously large factor in itself. If there is justification for covering the price of food in intrastate commerce, and regulating by a licensing system the business of the little fellow, is there not justification for applying the provisions of the bill to rents everywhere, instead of merely in so-called defense areas?

For instance, an American citizen living in a city or town that does not have a defense industry, and which cannot be said to be a defense area, may be hurt just as badly by tremendous increases in his rent as a man living in a so-called defense area. I realize that that problem has not been touched; but I feel that if there is legal justification for taking jurisdiction of the purely intrastate operations of the little fellow everywhere, there is ample justification for tackling the rent situation everywhere in the country. I realize that it probably cannot be done now, but I should like to have the Senator express his views about that particular point.

Mr. BROWN. Mr. President, this is primarily a commodity-price bill. The

bill does not undertake to give the Price Administrator original jurisdiction in any case. He operates only in the event of proper complaint if, in his judgment, the efforts of the local authorities have failed in the matter of regulation of the rents in a defense area.

As I stated to the able Senator from Washington when he previously asked a similar question while the bill was under consideration in the Senate, I feel, and the members of our committee and the conferees felt, that rent was primarily a matter of State and local concern. We have clung to that theory throughout the consideration of the bill. Mr. Henderson, or whoever may be the Price Administrator if it be not Mr. Henderson, may take action as to rents only in defense areas when, in the judgment of the Administrator, the local authority has broken down. I am sorry we cannot more fully cover that matter, as I know the Senator from Washington wants us to; but, of course, at this stage of the proceedings it would be impossible to include in the bill such a provision as would meet the situation the Senator has a mind.

While I am on the subject of rent, I may say that we think we materially improved the rent section of the bill by making the base period substantially any time between April 1, 1940, and the time when the applicant applies for relief under the provisions of the act, still leaving April 1, 1941, as the suggested statutory base date. That change was made at the request of a great many who thought insufficient consideration had been given to the rent section. I may say that it seemed reasonably to satisfy those who felt we had not adequately covered the situation in the bill as it passed the Senate.

Mr. OVERTON. Is the base date for rent April 1, 1940?

Mr. BROWN. April 1, 1941.

Mr. OVERTON. The Senator first said 1940.

Mr. BROWN. I will say to the Senator what I did not state, that if April 1, 1941, is not considered to be truly representative, the Administrator may make his base date as far back as April 1, 1940.

Mr. OVERTON. But not beyond that?

Mr. BROWN. And as far the other way as the time when the application is considered by the Authority.

Mr. OVERTON. I understand.

Mr. BROWN. I shall now pass on to the third proposition in the bill, that is, the provision giving the Price Administrator power to purchase commodities. As the bill passed the Senate, the power was given to the Administrator to purchase on two bases: First, to affect prices; second, to increase production. The House conferees insisted very earnestly that the first test should be stricken from the bill, and that was done, so that the power to purchase commodities is based on the necessity for an increase of production. Of course, it naturally follows that an increase in production means an increase in the supply of a commodity, and has a very effective influence on price. Other than for that change, there is no substantial difference in the power to purchase commodities as covered in the bill as it passed the Senate.

The fourth proposition was the striking out of a portion of the O'Mahoney amendment. I may say that we struck out the portion of the O'Mahoney amendment which relates to the inclusion of certain calculations involving urban wages—or, as I have always contended, urban wage rates—in the calculation of parity.

We accepted two important provisions in the O'Mahoney amendment, the first being that fixing the floor on commodity prices based upon the market price of any particular commodity as of December 15, 1941. In other words, the Price Administrator may not exercise his controls until commodity prices have reached a level commensurate with the market price as of December 15, 1941.

Mr. LEE. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. LEE. There were several farm commodities which were shown in the table inserted in the Record by the Senator from Michigan which were above the 110 percent of parity.

Mr. BROWN. As of December 15, 1941?

Mr. LEE. As of December 15.

Mr. BROWN. We took care of that situation.

Mr. LEE. For instance, rice, cottonseed, calves, lambs, and wool were all above the 110 percent of parity price on that date. Does the action of the conferees mean that the Price Administrator will freeze the prices at 110 percent of parity, which would mean reducing the prices of these commodities?

Mr. BROWN. No. There are four tests provided in the bill. No. 1 is 110 percent of parity. No. 2 is the market price as of October 1, 1941. No. 3 is the market price as of December 15, 1941. No. 4 is the average price for the period from 1919 to 1929.

The test laid down by section 3, the agricultural commodities section, directs the Administrator to accept whichever of those tests gives the highest price for a commodity. For instance, if the market price of wool on December 15, 1941, was above 110, then the December 15, 1941, test would apply to wool.

Mr. LEE. That would then be the ceiling?

Mr. BROWN. That is correct; that would be the price at which the Administrator could commence to operate.

Mr. LEE. Then whichever one of these four periods or tests means the highest price would be the ceiling fixed for that commodity?

Mr. BROWN. The Senator has it very clearly in mind.

Mr. LUCAS. Is not the word "ceiling" misused in that connection?

Mr. BROWN. I myself do not use the word "ceiling."

Mr. LUCAS. In other words, is it not a floor?

Mr. BROWN. "Floor" is the correct word.

Mr. LUCAS. There is no ceiling, as I understand, depending upon conditions as they occur from time to time.

Mr. BROWN. I think, that in about a sentence, I can clear up that situation in

the mind of the Senator from Illinois and the mind of the Senator from Oklahoma.

We have stricken out the words "ceiling" and "floor," and used what I think is a better term, namely, "price maximum." The meaning and intent of section 3 is that the Price Administrator may not exercise his control over prices until prices have reached a certain price maximum, which is definitely set down in the bill.

The word "ceiling" may be used in this connection; the Price Administrator may fix a maximum or a ceiling beyond which prices may not go. Let us say cotton is 20 cents, merely to give a simple illustration. My recollection is that the figure given is 21.40 or 21.47 cents a pound for cotton. When cotton reached that point the Administrator could say, "Because of the fact that we need greater production, and because of other factors in the situation, I think cotton should be permitted to go as high as 23 cents a pound." He would then be fixing what properly could be called a ceiling for cotton. That is the authority which the Price Administrator would have. He would have no authority until the price of a commodity reached what we call the "floor" upon his authority, or the figure in the Paul Brown amendment, so called, of 21.47 cents a pound. When the price reaches 21.47 cents, the Administrator may commence to act, and he may fix any ceiling which seems to him reasonable, within the standards laid down in the bill.

Mr. LEE. The explanation is very helpful, but it does not seem to prove that that is a floor instead of a ceiling. The manufacturer has a floor under the prices of his commodities, fixed by the tariff laws. The wage earners have a floor fixed under their wages by the wages-and-hours law. I grant that the farmer's ceiling is where the floor ought to be, but it certainly is not a floor, it is a ceiling in every sense of the word, because, as the Senator himself says, when the farmers' product reaches a certain price, the Price Administrator may commence to operate, which means that he can stop the price from advancing further. But I do not find anything in the bill which provides at what point the Price Administrator would commence to operate if the price were going down. Therefore it must be a ceiling and not a floor. In other words, we have a situation here under which labor has a floor and no ceiling, while agriculture has a ceiling and no floor.

Mr. BROWN. Mr. President, I do not wish to enter upon the extended discussion which would be required fully to answer the Senator from Oklahoma. I am trying to state in my own way what was done in the conference in contradistinction to what was done by the Senate and what was done by the House, and I again wish to refer to the amendment of the Senator from Wyoming [Mr. O'MAHONEY] in that respect.

Mr. LEE. Mr. President, will the Senator again yield?

Mr. BROWN. I yield.

Mr. LEE. What I said was not meant to discourage the Senator from Michigan. The fact is, I think he has done a fine job. I simply wanted to make a

statement so the RECORD would show that while I do not approve placing agriculture under this bill, yet I shall vote for it because I believe that it contains more good than harm. That is what I think. But I do not want my vote to be interpreted as a belief on my part that we are fixing a floor under farm prices when we are actually fixing a ceiling on them.

Mr. BROWN. I will say to the Senator that there never was any intention on my part to state that there was a floor under farm prices until the time when the operation of the law of supply and demand and other factors had gotten farm prices up to the standard provided in section 3 of the bill. There is no difference between the Senator and me in our understanding of that matter. There is no guaranty that prices will fall below 110 percent or below any of the other standards. When they do, then the law

of supply and demand determines, plus, of course, the provisions of the Agricultural Act.

In addition to the market prices on the October and December dates, which are limitations upon the power of the Administrator to operate, we have also included as subsection (d) that portion of the O'Mahoney amendment which places a further limitation upon the Administrator, and provides that nothing in the act shall be construed to modify, repeal, supersede, or effect the provisions of the Agricultural Marketing Agreement Act of 1937.

Mr. President, I ask that there be printed in the RECORD at this point a table showing price floors for selected agricultural commodities.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Price floors for selected agricultural commodities under the House price bill

Commodity and unit	Price floors under bill ¹			
	Actual price Dec. 15, 1941	110 percent of parity price, Dec. 15, 1941	Approximate price as of Oct. 1, 1941	Average price, July 1919-June 1929
Wheat, per bushel.....cents.....	102.2	140.0	93.4	132.5
Corn, per bushel.....do.....	66.9	101.6	67.8	88.9
Oats, per bushel.....do.....	45.2	63.2	39.4	47.4
Barley, per bushel.....do.....	56.1	98.0	50.5	69.3
Rye, per bushel.....do.....	57.8	114.1	54.3	94.7
Buckwheat, per bushel.....do.....	64.9	116.6	65.0	105.6
Flaxseed, per bushel.....dollars.....	1.78	2.67	1.74	2.34
Cotton, per pound.....cents.....	16.23	19.65	17.04	21.4
Cottonseed, per ton.....dollars.....	44.65	35.71	50.36	34.44
Potatoes, per bushel.....cents.....	82.7	111.4	65.8	124.1
Sweet potatoes, per bushel.....do.....	86.6	139.0	90.2	136.2
Hay, per ton.....dollars.....	9.43	18.8	8.14	13.53
Peanuts, per pound.....cents.....	4.79	7.6	4.45	5.83
Apples, per bushel.....dollars.....	1.09	1.62	0.86	1.46
Hogs, per 100 pounds.....do.....	10.21	11.44	10.59	9.77
Beef cattle, per 100 pounds.....do.....	9.38	8.25	9.27	6.87
Veal calves, per 100 pounds.....do.....	11.22	10.69	11.20	9.65
Lambs, per 100 pounds.....do.....	9.86	9.30	9.75	10.98
Butterfat, per pound.....cents.....	36.0	45.6	37.1	44.0
Chickens, live, per pound.....do.....	15.8	18.0	16.2	21.4
Turkeys, live, per pound.....do.....	20.9	22.8	18.2	23.8
Eggs, per dozen.....do.....	34.1	42.2	31.1	33.2
Wool, per pound.....do.....	37.1	29.0	36.3	34.1
Sugar cane for sugar, per ton.....dollars.....	23.61	5.91	23.61	5.93
Sugar beets, per ton.....do.....	26.22	8.71	26.22	8.34

¹ Highest ceiling italicized.

² Preliminary figures based on contract prices.

Source: U. S. Department of Agriculture.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. AUSTIN. I should like to have the views of the learned Senator from Michigan about subsection (f) of section 3, which relates to subsection (d) to which the Senator has just referred. Subsection (f) provides:

No provision of this act or of any existing law shall be construed to authorize any action contrary to the provisions and purposes of this section.

It seems clear to me that if that subsection (f) becomes effective, it operates with subsection (d) to protect the agreements for marketing now in existence, as well as the Agricultural Marketing Agreement Act of 1937, but the reason for my rising to inquire is that I notice on page 15 of the report, section 305, which apparently is in reverse of that subsection (f), because it reads as follows:

SEC. 305. No provision of law in force on the date of enactment of this act shall be construed to authorize any action inconsis-

ent with the provisions and purposes of this act.

I now inquire, and I should like the opinion of the Senator from Michigan. How can both acts go into operation? One of them seems to be diametrically in conflict with the other, and I should like to have the Senator's opinion as to whether that situation is intended to be created.

Mr. BROWN. I have a carefully prepared statement about that subject matter which I intend to give in a short time. It would divert me from the order of my remarks if I gave it now, but I do want to read it to the Senate, and I will take care of that subject matter.

Mr. AUSTIN. Very well.

Mr. BROWN. The same situation occurred to me in my examination of the conference report.

The fifth major controversy between the two Houses was, Should the provisions of the Bankhead amendment be incorporated in the bill? The Senate knows, of course, that I voted against the Bankhead amendment. I person-

ally should have preferred the amendment offered by the majority leader, the Senator from Kentucky [Mr. BARKLEY], limiting the authority of the Secretary of Agriculture somewhat more than is done by the Bankhead amendment. However, it is my considered judgment that the Bankhead amendment will be beneficial in this respect: The Secretary of Agriculture is charged with increasing production, and I think it is entirely proper that he should be consulted, and that his determination relative to what prices are necessary in order to bring about a proper and sufficient production should be a potent factor in the make-up of the price of any commodity. The Bankhead amendment certainly assures him a voice. It also gives him a veto power. I should have preferred a single plenary authority in one price administrator. The Senate thought otherwise, and I fully accept the decision of the Senate in that respect. I am satisfied that the Price Administrator and the Secretary of Agriculture will have no great difficulty in getting together under the standards of the bill and giving to the country, consumers and producers alike, a fair price determination. The Senate conferees asked the House conferees to accept the Bankhead amendment, and they did so.

With respect to the Paul Brown amendment, which is the price standard of 1919-29, we found, of course, that that amendment had passed both Houses in substantially the same form. I think in identically the same form. Therefore, we accepted the Brown amendment. Very shortly I shall show what the result of the limitations in section 3 are.

The House conferees insisted upon the rejection of the power of confirmation on the part of the Senate as to officers other than the Price Administrator himself, and the Senate conferees yielded in that respect.

With respect to the standards set out in the bill, I wish to point out, both for the information of the Senate and the information of the country, that, after all is said and done, the original standard of 110 percent of parity is the substantial and over-all limitation that will be effective over the months and years during which the act will be in force.

With respect to 15 out of the 25 leading agricultural commodities the floors, standards, and price maximums are those in the section providing for 110 percent of parity. On 3 more important commodities—or 18 in all—the standard is 110 percent, and the tests with respect to the others are substantially the same—a few cents one way or the other.

Of the remaining 7 out of 25, only 2 are commodities of great nationwide importance. They are cotton and potatoes. It has been contended by those of us who favor 110 percent of parity that, because it is not a fixed and definite figure, but a constantly moving and readjusting standard, it will eventually be the base or standard with respect to agricultural commodities.

On cotton the standard set down by the Brown amendment is 21.47 cents a

pound. Yesterday on the New York commodity markets cotton was selling for 20.87 cents a pound.

Mr. SMITH. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. SMITH. Does the Senator refer to spot cotton or futures cotton?

Mr. BROWN. As the Senator knows, I am not an expert on cotton. I have the commodity cash prices as given in the New York Times in this morning's issue, which says, "Cotton, Middling, $1\frac{1}{8}$ inch, new, per pound, 20.87."

Mr. THOMAS of Oklahoma. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. THOMAS of Oklahoma. I have before me a clipping from the Wall Street Journal, which, I think, is absolutely accurate. Under the present system of marketing cotton there are 10 main concentration places in the South for the sale of cotton. Yesterday the average price of spot cotton, $1\frac{1}{16}$ inch, at the 10 concentration points, was 20.05 cents a pound. At the 8 delivery points the average price was 20.08, which is somewhat different from the figure given by the Senator.

Mr. BROWN. The figure I gave was 20.87.

Mr. THOMAS of Oklahoma. At New York the price was 20.87, but New York is not one of the concentration points. The price of cotton there is considerably higher than it is in the South.

Mr. BROWN. I realize that; and I was about to state the situation. As is true of many other commodities, there are differences due to freight and other calculations; but I point out that the present price of cotton is so close to the standard set down in the Brown amendment that a matter of half a cent or a cent a pound would bring cotton within the powers of the Administrator under the bill. His powers with respect to cotton come into operation when it reaches 21.4 cents a pound; and it is pretty close to that figure at the present time.

The only other important commodity which is not covered by 110 percent of parity, and which is covered by the Brown amendment, is potatoes. I am advised by the experts in the Department of Agriculture, in whom I have the greatest of confidence, that the standards set down in the bill, the limitations in section 3, and particularly the right of the Secretary of Agriculture to readjust parity to care for seasonal fluctuations, are most important with respect to potatoes, a widely used vegetable. Naturally, when early potatoes come in from the farm of the distinguished Senator from Louisiana [Mr. ELLENDER] the price is very good. [Laughter.]

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. ELLENDER. I feel very much embarrassed. I trust the conferees did not have the junior Senator from Louisiana in mind when they recommended this more favorable legislation as to potato growers. I desire to say that my prowess as a potato grower has become very much blunted since I have been a

Member of this distinguished body. I have learned of the impracticability of farming by remote control. [Laughter.] However, let me say to the Senator from Michigan that last year I sold my crop for an average of 72 cents a hundred, or less than three-fourths of a cent a pound, and in the city of Washington I was paying $4\frac{1}{2}$ cents a pound for the same potatoes. From the 72 cents I had to deduct 14 cents for bags, 15 cents for selling charges, 16 cents for gathering, 5 cents for drayage, and 10 cents for washing, thereby leaving a net of 12 cents a hundred pounds to pay for the seed, fertilizer, labor of planting and cultivation, taxes, and so forth.

Mr. BROWN. I am sorry the Senator did not receive the Washington price; but let me say to him that there can be no control with respect to potatoes until the price is very much higher than 72 cents a hundred. The law of supply and demand will determine the price.

Mr. ELLENDER. I hope the benefits will inure to the farmers and not to the bloodsuckers or in-betweens, who get most of the profits. The prices should be so fixed that both the growers of the commodities and the consumers will be protected.

Mr. BROWN. The Senator is no more opposed to that class than am I.

Therefore, I say, Mr. President, that with all the standards written into the bill the substantial and over-all limitation will be 110 percent of parity throughout the life of the act.

I desire to make a very brief statement with respect to certain other matters which I know are of interest to the Senate. On the subject to which the Senator from Vermont [Mr. AUSTIN] addressed himself, the issue was presented to the conferees. The question was this: Shall we prohibit existing agencies of the Government, such as the Commodity Credit Corporation, from selling agricultural commodities at prices below the price maximums fixed in section 3 of the bill? We decided to decline to do so. We declined to permit the restriction on existing agencies. That was the amendment in which the Senator from Illinois [Mr. LUCAS] was interested, and which he considered submitting to the Senate. It was pointed out that the President had vetoed a bill containing that provision, and that the Secretary of Agriculture was very much opposed to it. Therefore, so far as the general powers in the bill are concerned, we do not in any way restrict the Commodity Credit Corporation or any similar Government agency.

The language on page 21 of the House conference report might be misconstrued if I did not make this statement. Section 3 does not in any way affect prices of commodities now in existence and owned by these agencies. That issue was settled in the conference. Section 3 relates to the price floors below which the Administrator may not exercise control. Those are the provisions and purposes of the section. Its purpose is not to raise prices, but to prohibit action by the Administrator until causes—supply, demand, and others—bring any particular commodity within the purview of the act.

In this connection I found out that yesterday in the House Miss SUMNER of Illinois asked:

But there is nothing in this bill to prevent the Commodity Credit Corporation dumping its stocks and lowering the price; is there?

Mr. STEAGALL. Yes; and we have undertaken in this bill * * * and we think we have succeeded * * * in preserving in toto the benefits carried by the provisions of the Agricultural Adjustment Act, which does set up rules and limitations under which such commodities may be sold. I think the lady fully understands that provision of the bill.

There is no new control on the Commodity Credit Corporation in this bill.

As chairman of the managers on the part of the Senate of the Committee of Conference on the disagreeing votes of the two Houses on the amendment of the Senate to H. R. 5990, I find it necessary to call to the attention of the Senate a statement appearing in the statement of the managers on the part of the House at pages 20 and 21 of the conference report (Rept. No. 1658). This statement, after pointing out that no sale of any agricultural commodity is to be made within the United States by any governmental agency under section 2 at a price below any of the prices specified in section 3 (a), continues:

The provisions of section 3 (f) of the conference agreement contain, in general terms, a similar limitation with respect to sales of agricultural commodities by any governmental agency under other provisions of law.

I desire to point out to the Senate that this inadvertent statement is not to be taken as a correct interpretation of section 3 (f) of the conference agreement. Section 3 (f) of the bill as agreed on in conference is identical with section 3 (d) of the bill as passed by the Senate, and reads as follows:

No provision of this act or of any existing law shall be construed to authorize any action contrary to the provisions and purposes of this section.

The provisions and purposes of section 3 are clearly to prevent the establishment or maintenance of maximum prices for agricultural commodities at levels below those prescribed in the section. In conducting its proper and lawful selling operations a governmental agency such as the Commodity Credit Corporation is taking no action under any provision of this act or of any existing law which is contrary to the provisions of section 3, and hence will not be subject to the limitation made applicable by section 2 (f) only to those governmental agencies which are conducting their buying and selling operations pursuant to the provision of section 2 of the bill. Thus, it clearly appears that the part of the statement of the managers referred to above finds no support whatsoever in the actual language of section 3 (f).

Moreover, such statement is directly contrary to the understanding of the Senate when it passed the bill (H. R. 5990), which, as pointed out above, contained in section 3 (d) language identical with that now contained in section 3 (f) of the conference agreement. In the report of the Committee on Banking

and Currency (Rept. No. 931) at page 11, the following appears:

The bill expressly provides that the policy laid down by the Congress with respect to agricultural commodities remains paramount to any authority conferred by the Emergency Price Control Act of 1942. The committee bill does not and cannot be construed to limit, expand, or alter the existing powers and policies of the agencies charged with the administration of the Agricultural Adjustment Act of 1938, as amended. They remain exactly as presently constituted.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. AUSTIN. Does the Senator base his statement on section 305 as it appears on page 15 of the report?

Mr. BROWN. Yes. Section 305 might possibly appear to be somewhat in conflict with subsection (f) of section 3, on page 6. We wished to make it plain, and we took a clear-cut vote on that issue in conference. Under the section to which the Senator first referred, the purchasing section, no purchases or sales may be made below the standards set forth in the agricultural commodities section; but as to those agencies which are now in existence and have been in existence, such as the Commodity Credit Corporation and other agencies of similar character, they are not affected by the bill.

Mr. AUSTIN. I trust the Senator is correct in his opinion. I do not wish to challenge his statement, although the question has been raised as to the apparent conflict.

Mr. BROWN. I grant that what the Senator says is true; but I think that our construction is very clearly understood by everyone.

Mr. LUCAS. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. LUCAS. In order to make the RECORD complete, let me ask a question upon the proposition which has just been discussed by the Senator.

If I correctly understand the bill, it absolutely in no wise prevents the Secretary of Agriculture from making disposition of the surpluses of commodities which now are on hand, nor does it prevent the Commodity Credit Corporation from disposing of such commodities at any price they care to make.

Mr. BROWN. The Senator is correct.

Mr. LUCAS. In other words, they may sell at a price below the market price. For instance, if they want to dump 100,000 bushels of corn or 100,000 bushels of wheat onto the market, they do not have to sell at the market price of the corn or the market price of the wheat, but they have the power to sell at any price they select, at any price they deem advisable under the circumstances. Is not that so?

Mr. BROWN. I think the chairman of the House Banking and Currency Committee stated the matter very well in the statement he made yesterday, in which he said:

We have undertaken in this bill—and we think we have succeeded—in preserving in toto the benefits carried by the provisions of the Agricultural Adjustment Act, which does

set up rules and limitations under which such commodities may be sold.

With that statement I fully agree.

Mr. LUCAS. I certainly hope it is true. I certainly hope the Secretary of Agriculture or the Credit Commodity Corporation will not use this threat over the market price because of the tremendous surplus that now exists in some of the basic commodities. I hope corn and wheat and cotton, those of which there are such large surpluses, will reach the parity price as it is expressed in this price-control bill under the law of supply and demand without interference by the surplus threat.

Mr. BROWN. We grant no such authority in the bill.

Mr. LUCAS. I know that no such authority is granted; but I am taking the position, in view of what has heretofore occurred, that the authority already exists; and the amendment which I discussed some time ago would do the very thing I am now discussing, insofar as prohibiting the Commodity Credit Corporation from dumping surpluses upon the domestic market.

Mr. BROWN. We do not go that far; but I will say that the general provisions of the bill indicate an intent that Government officials shall not so act as to violate the general purposes of the bill. We make no specific prohibitions in that respect, however.

Mr. LUCAS. I know that.

Mr. BROWN. Mr. President, the subject of sugar has been one of great interest in this connection.

Mr. McKELLAR. Mr. President, will the Senator yield to me?

Mr. BROWN. I yield to the Senator from Tennessee.

Mr. McKELLAR. Before the Senator takes up a new subject, let me ask why the Tydings amendment, providing for confirmation by the Senate of the appointment of officials under Mr. Henderson was eliminated from the bill in conference?

Mr. BROWN. It was eliminated because three or four members of the House conferees refused to accept the amendment, although the Senate conferees asked the House conferees to accept it. To be frank, as the Senator knows, in conference we had to have something to trade upon; and it was one of the amendments which were used in the negotiations between us for a little giving on our part and a little getting from the other side.

Mr. McKELLAR. Mr. President, it appears to me that when such unlimited and vital powers are given to any one man as are given to Mr. Henderson in this bill when he has unlimited power to appoint any one he pleases to fix prices in this country, the power to select his important subordinates certainly should be shared by persons whose known fealty to the Government cannot be questioned. It cannot be questioned that the Senate of the United States wants to do the very best it can for the people of the country. The Members of the Senate are charged by the Constitution with passing upon the appointment of important Govern-

ment employees and giving their approval or disapproval to such appointments. In a case such as this, of such vast importance to every man, woman, and child in the country, it seems to me we should not give to one man, however able he may be, the absolute right to appoint anyone whom he pleases to appoint to fix prices in any one of our several States, disregarding the wishes of every person in our States. If he desires to appoint a price-fixer in my State or in the Senator's State he may do so regardless of fitness, regardless of ability, regardless even of honesty. It seems to me some approval should be given by some other body and that the appointment should not depend wholly on the sweet will of the administrator.

I believe it would have been helpful to Mr. Henderson to have had the advice and approval of the Senate. The amendment making provision to that effect should have been adopted by all means by the conferees. I think we shall yet have to adopt it. I think we shall have to change the law before we are through, because I do not think any one man, even if he is a Harvard man [laughter], has the marvelous ability which would be requisite to enable him and his subordinates to fix prices of products throughout the United States and the Territories thereof without let or hindrance. I am very sorry that the conference committee failed to retain the Tydings amendment in the bill.

So far as I am concerned, I doubt very much whether I can vote for the conference report containing much for which I should like to vote. This is not a one-man country. This is a democracy, or it is supposed to be. We are supposed to be fighting for democracy. When we give dictatorial powers over every particle of food which goes down the throats of our citizens, over everything that is bought, over everything that is used, I am afraid that we in the Congress are not doing our duty when we fail to provide some security as to the kind of men who will administer the law. I am exceedingly sorry that I shall have to vote "nay" on the Senator's bill. I should like to vote "yea;" but I am not going to vote to give Mr. Henderson any such power. Even if he were a graduate of Oxford [laughter], I would not do so.

Mr. BROWN. Of course, all of us cannot come from Tennessee.

Mr. McKELLAR. Nay, even if he were a graduate of the University of Tennessee [laughter] I would not give him this blanket authority to wield without let or hindrance, unlimited power over everything which affects every American. "I am the power," as somebody recently said, referring to a meeting of Mr. Henderson with a certain group of Senators not long ago. It was suggested that he would never appear before another meeting of Senators, and he will not. He will be too big, he will have too much power, he will be too arrogant and too disregarding of the rights of the plain people of the country ever to permit him to come before the representatives of the people of this country. I predict that was his last voluntary appearance before a body of Senators.

I think the action of the conferees is a great mistake; I think it is a fatal blunder; and I do not see how I can vote for a conference report that entrusts to Mr. Henderson, graduate of Harvard though he be, with all the wisdom of the universe in his head, these vast powers, to be used without let or hindrance.

I thank the Senator for allowing me to interrupt him.

Mr. BROWN. Mr. President, if the Senator from Tennessee will bear with me a moment, I would remind him that he and the senior Senator from Virginia [Mr. GLASS] are, respectively, the ranking Democrat and the chairman of the great Committee on Appropriations, which, undoubtedly, will be called upon many times by the Price Administrator for appropriations; and I have no doubt that with the known influence of the Senator from Tennessee in the affairs of Government, at least so far as the State of Tennessee is concerned, the Senator will not have any difficulty in making his wishes known.

Mr. McKELLAR. Ah, Mr. President, to impose a bad law on the people and then expect members of certain committees to negative the law or to change the law in any way is a bad way to legislate.

Mr. BROWN. I did not intend any such meaning.

Mr. McKELLAR. Of course, I know the Senator did not; the Senator is an able and splendid Senator and who has made a conscientious effort to secure a good bill; but I want to say to him that this bill gives vast powers to one man, and when he selects the important officials under him to carry out the powers, we ought to stand by the Constitution of the United States, which provides that important officers of this Government shall be appointed by the President, by and with the advice and consent of the Senate. This is no time to disregard such a fundamental constitutional provision as that.

Mr. BROWN. I thank the Senator from Tennessee. I may say, briefly, that the law does not require confirmation by the Senate of appointments in the office of O. P. M., and it has not been the policy of the Senate generally to require confirmation of appointees in the emergency agencies of the Government. I do not say there are no exceptions to that general statement, but I do say that in the bill which, by its very terms will expire in approximately 17 months from the present time, I think it would be unfortunate to include the requirement of confirmation by the Senate.

I will say to the Senator from Tennessee that on the amendment in question and every other amendment which the Senate adopted, whether I was in agreement with it or not, I, as chairman of the conference, asked the House conferees to agree; and, so far as we could, we used all the persuasive powers we could muster to get the House conferees to agree to the Senate amendments. On the vital question, the O'Mahoney amendment, very early in the conference, I requested the House conferees, after some considerable discussion, to adopt all the provisions of the O'Mahoney amendment,

although the Senator from Wyoming well knows I was opposed to that amendment. We asked the House conferees to take a definite vote on the question of accepting or rejecting it; and they rejected the O'Mahoney amendment.

On the other important amendment, the Bankhead amendment, we fought just as hard, and we succeeded in getting the House conferees to accept it.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. BROWN. I yield to the Senator from Alabama.

Mr. BANKHEAD. Mr. President, at that point I should like to take the opportunity to confirm what the Senator from Michigan has stated. He and I were very far apart in the subcommittee, and in the main committee, on many features of this bill, and on some of them in the Senate when the question came, but the Senator from Michigan as a representative of the Senate—and I take pleasure in stating the fact—faithfully, loyally, and persistently represented the views of the Senate as contained in the bill as it passed the Senate. In good faith he endeavored to sustain in the conference committee and to bring about the adoption by the conference committee of the position taken by the Senate on the various questions involved, whether or not they represented his personal views.

I desire further to say that the majority leader [Mr. BARKLEY], who is not now present and who was in very much the same position as the Senator from Michigan with reference to his attitude before the committee and in the Senate except as to some of the agricultural provisions, took the same course as that followed by the Senator from Michigan.

No one has any cause to complain or to object or to feel in any way that the Senate conferees did not, in good faith and with full force and the greatest effectiveness they could bring to bear, represent the views of the Senate on every controversial feature of the bill.

Mr. BROWN. I thank the Senator from Alabama.

While the Senator from Wyoming is present, I desire, briefly, to repeat a few things I said during his absence on this very subject matter. The conferees did not reject the O'Mahoney amendment in its entirety; only one element in the four-pointed O'Mahoney amendment was rejected by the conferees, and that was the wage-parity section. We included the December 15 date, in which the Senator from Wyoming told me he had a particular interest. We included the so-called Russell-Brown amendment, in which both the Senator from Wyoming and the Senator from Georgia had great interest; and we included the amendment which the Senator from New York [Mr. MEAD] and the Senator from Vermont [Mr. AIKEN] were particularly interested, confirming all agricultural marketing agreements under the 1937 act. So of the four principal points in the O'Mahoney amendment the conferees adopted three, and only one was rejected.

I am not in agreement with those, particularly the editorial opinion in some of the great metropolitan newspapers,

who hold that the O'Mahoney amendment, if it had been adopted in toto, would have brought about inflation in this country. The amendment of the Senator from Wyoming would have, in my judgment, permitted a rise of approximately 25 percent above the 99 percent of parity which prevailed at the time of the hearing in the Senate, about December 7 or 8, but the rise would be approximately only 10 or 11 percent above that possible under the provisions which are now in this bill, prescribing 110 percent of parity.

While I believe that it was best, all in all, that the O'Mahoney amendment with respect to wage parity be stricken from the bill, I nevertheless desire to say that even with that amendment in the bill we should have had a price-control bill that would have exercised effective price control over farm commodities as well as other commodities. I think they would have gone a little bit higher than I wanted them to go; but I say frankly that with the rise of 1 percent per month which it is generally felt will be brought about by the law of supply and demand—which, after all, is the fundamental thing in the bill—it is very likely that on many commodities the price ceilings which will be fixed by the Price Administrator will exceed the limitations established in the wage-parity section of the O'Mahoney amendment. I say that as one who, without attempting to boast, I feel has some knowledge of this subject matter, and I say it in justification of the position taken by the Senator from Wyoming.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. SMATHERS in the chair). Does the Senator from Michigan yield to the Senator from Wyoming?

Mr. BROWN. I yield.

Mr. O'MAHONEY. I am perfectly well satisfied that the conferees on the part of the Senate made a very sincere effort to defend every provision of the Senate bill. I have only words of commendation for the chairman of the conference committee.

Mr. BROWN. I thank the Senator.

Mr. O'MAHONEY. I feel that in good faith he did the best he could for some provisions in which, perhaps, he did not altogether believe. It may be that the wage-parity provision was used as a little trading stock; but with respect to that matter I express no opinion.

Mr. BROWN. The Senator, in the parlance of the sport world, has an average of 750 percent on his amendment.

Mr. O'MAHONEY. I was about to say that I rise not only to express appreciation of what the Senator has done, but to ask his opinion about the statements appearing in the press during the past few days attributed to Mr. Henderson—who is about to be made Price Administrator—that the conference report results in a bill which will not be an effective price-control bill. Has the Senator any comment to make upon that repudiation of the work of his committee if it is a correct quotation?

Mr. BROWN. The Office of Price Administration sent me a statement regarding the press comments that were made

relative to the speech of Mr. Henderson before the Federation of Women's Clubs here in Washington, which was the basis of the statements to which the Senator from Wyoming refers. I ask unanimous consent that the statement be placed in the RECORD at the conclusion of my remarks. In it Mr. Henderson denies that his statements were nearly so broad as those which he was quoted in the public press as having made.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit A.)

Mr. BROWN. I also ask unanimous consent to have a short statement on the sugar question placed in the RECORD at this point as a part of my remarks, because I think I can rapidly conclude my argument with the subject matter to which the Senator from Wyoming has referred.

The PRESIDING OFFICER. Without objection, it is so ordered.

The statement is as follows:

SUGAR

In some instances it will be found that a commodity identical in all its characteristics may be extracted from two or more agricultural commodities. Sugar affords a case in point, this commodity being derived from sugar beets and from sugarcane. In addition to being produced from sugar beets and sugarcane grown in the continental United States, sugar is also brought in from the Territory of Hawaii, from Puerto Rico, the Virgin Islands, and the Commonwealth of the Philippines, and is imported from foreign countries.

Parity for sugar beets and continental sugarcane in relation to the agricultural provisions of the price-control bill

	Beets	Mainland cane ¹
1909-14 average price per ton of beets or cane.....	\$5.50	\$3.73
Dec. 15, 1941, parity price per ton of beets or cane (index, 144):		
100-percent basis.....	\$7.92	\$5.37
110-percent basis.....	\$8.71	\$5.91
10-year average price per ton of beets or cane (1919-29).....	\$8.34	\$5.93
Approximate raw sugar price per hundredweight, duty-paid, f.o.b. New York, required to return parity prices for beets and cane: ²		
Dec. 15, 1941, basis.....	\$3.20-\$3.30	\$3.75-\$3.85
110 percent of Dec. 15, 1941, basis.....	\$3.70-\$3.80	\$4.25-\$4.35
10-year average price basis.....	\$3.45-\$3.55	\$4.25-\$4.35
Anticipated returns to growers, 1942 crop: ³		
Amount per ton of beets or cane.....	\$8.65	\$5.35
Percent of Dec. 15, 1941, parity price.....	109	100
Anticipated 1942 crop production (short tons, raw value).....	1,900,000	490,000

¹ Prices applicable to Louisiana only; no sugarcane for sugar was grown in Florida during the base period 1909-14, Puerto Rico and Hawaii not included.

² These prices are the amounts estimated to be required to return, under existing purchase contracts, that portion of the parity prices for beets and cane not covered by Government payments under Public Law 386, 77th Cong. For the purpose of this study, Government payments are estimated at \$2.50 for beets and \$1.17 for cane, based on average sucrose quality and reductions in payments as provided in the Sugar Act of 1937, as amended, for large-scale producers; it is estimated that the small-scale Louisiana producer, getting the full \$0.80 payment per hundredweight of "commercially recoverable sugar," would receive about \$1.23 per ton of cane; participation in molasses proceeds has been estimated at \$0.30 per ton of cane; at the quoted January 16, 1942, price for blackstrap molasses, f.o.b. plantation, of \$0.18 per gallon, the grower would receive \$0.325 per ton of cane.

³ Based on the present ceiling price of \$3.74 per hundredweight of raw sugar, duty-paid, f.o.b. New York.

Mr. BROWN. I also ask unanimous consent to have placed in the RECORD at this point a statement with reference to section 202 of the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

The statement is as follows:

Section 202 is intended solely to enable the Administrator to obtain relevant data to enable him properly to discharge his functions, preferably by requiring the furnishing of information under oath or affirmation or otherwise as he may determine. It is not intended, nor is any other provision of the act intended, to confer any power of inspection or examination which might conflict with the fourth amendment of the Consti-

Recently the Defense Supplies Corporation announced the purchase of the entire 1942 Cuban sugarcane crop, a large part of which is to be used for production of high-test molasses to be used in the manufacture of industrial alcohol. Under the terms of this contract and the operation of the price-control bill, the price of high-test molasses, and, therefore, the price of industrial alcohol, would be increased with every increase in the ceiling price of sugar.

Industrial alcohol is required in the manufacture of smokeless powder, plastics, and so many other war industries that great care must be taken in administering the agricultural price-ceiling provisions with respect to sugar to avoid imposition of a great and disproportionate burden on our war expenditures. This unfortunate result could come about if a ceiling price for sugar were to be established on the basis of parity data relating to the continental sugarcane industry, which area normally fills only about 6 percent of the Nation's requirements. Fortunately, however, since there are four times as many growers in the sugar-beet areas as are to be found in any other domestic area of sugar production, and since virtually the entire crop there is produced on family-sized farms as contrasted with the plantation-processor enterprises in the cane-sugar-producing areas, it is obvious that any ceiling price for sugar which may be established under the provisions of this bill will be based on data relating to sugar beets.

Some question has been raised regarding the applicability of the limitations of section 3 (a) to imported commodities. Of course, these limitations have to do only with domestic commodities, so that items such as coffee, cocoa, etc., are not subject to these limitations.

tution of the United States. See opinion of Justice Holmes in *Federal Trade Commission v. American Tobacco Co.*, 264 U. S. 298, 307.

Mr. BROWN. Not only in response to the criticisms made by the present Price Administrator, but in partial answer to those made in the editorial columns of the public press, that in the general consideration we have given to this bill and in the discussions which have taken place on the floor of the House and on the floor of the Senate we have been overlooking the all-important thing, I desire to say that we are not here so much concerned with the rise of a cent or 2 cents a pound in the price of butter,

a few cents in the price of beef per hundred, or a few cents in the price of cotton. What we want to do is to prevent the tremendous and excessive rise in prices which took place despite the somewhat inadequate controls which were used during the first World War period. It is the larger aspects of the matter which have been entirely overlooked, particularly in the comments of some of the metropolitan newspapers.

Mr. President, I do not claim that this is a perfect bill. I do not think anyone who is affected by it will be satisfied with it. It will fully satisfy no one. The consumer will feel that he is inadequately protected. The producer will feel that his prices are too low. The wholesaler, the retailer, the jobber, will resent inspection and investigation. They will call it "snooping." The President will not be fully satisfied with the bill. Mr. Henderson has stated that he is not fully satisfied with it. Secretary Wickard will recall the entire affair with no great measure of pleasure; and I myself do not like the bill in many respects. But, Mr. President, intelligently administered—as I believe it will be—this is, in an economic sense, one of the most beneficial pieces of legislation ever written upon our statute books. The bill will prevent runaway prices. It will stabilize prices. It will protect consumers. It will encourage production. It will alleviate after-war collapse for farmer and for wage earner. It will tend to stabilize our whole price and commodity economy. It is a series of compromises in which every group of consumers and producers join in varying degrees of sacrifice for the common good. The bill, in its process of evolution from its introduction to its passage today, exemplifies democracy in its weaknesses and in its strength, resulting in what I believe to be the judgment of the people of the United States.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. BUNKER in the chair). Does the Senator from Michigan yield to the Senator from Wyoming?

Mr. BROWN. I yield to the Senator. I was ready to yield the floor.

Mr. O'MAHONEY. I desire to ask the Senator a question with respect to section 2 (e), which I think is one of the most important features of the bill, and one to which comparatively little attention has been paid.

There was a great deal of difference between the provision adopted by the Senate and the provision adopted by the House. As I understand, the conference report is a combination of the two. I think it is rather important for us to have a clear understanding of exactly what the effect of this provision will be.

Before asking the Senator to respond, let me say that I observe at the bottom of page 4 of the report the following language:

In any case in which a commodity is domestically produced, the powers granted to the administrator by this subsection shall be exercised with respect to importations of such commodity only to the extent that, in the judgment of the administrator, the domestic production of the commodity is not sufficient to satisfy the demand therefor.

Of course, the use of the word "only," seeming to convey a limitation upon the power of the Administrator, followed by the phrase "in the judgment of the Administrator," is a rather curious contradiction in terms. I take it that the Senator will agree that this sentence gives the Price Administrator complete and unrestricted authority to exercise the powers conveyed in this section. I read further:

Nothing in this section shall be construed to modify, suspend, amend, or supersede any provision of the Tariff Act of 1930, as amended.

Is it the intention of the conferees to sustain the provisions of the Tariff Act?

Mr. BROWN. Certainly. It was stated on the floor of the House yesterday by the chairman of the House Committee on Banking and Currency, who is in charge of the bill in the House, and it is now stated by me, as the Senator in charge of the bill here, that nothing in this section or in any other part of the bill should in any way let down the barriers which are established by the tariff acts now in effect.

Mr. O'MAHONEY. Does the Senator believe that would constitute a limitation upon importations?

Mr. BROWN. I do not see how I can say anything but "Yes" in answer to the Senator's question; and I do not desire to say anything but "Yes."

Mr. O'MAHONEY. I thought that would be the Senator's point of view; but if it is provided in the sentence which I first read, as it appears to be, that the Administrator shall have unrestricted power to buy and sell commodities, even imported commodities, when in his judgment the domestic production of a commodity is not sufficient, then does not this provision with respect to the tariff mean only that the Administrator shall, out of the funds of the Treasury, pay to the producers in foreign countries prices which will include the tariffs? In other words, is it not a provision which would require the Treasury to pay the tariff?

Mr. BROWN. In my considered judgment, there is no such authority granted the Administrator under the provisions of the bill. In other words, if, for example, it were considered that the supply of beef was insufficient to supply the needs to the people of this country, he could not construe the proposed act as conferring authority upon him to pay a sufficiently high price for the importation of beef as to result in its being brought into the United States. Does that answer the Senator's question?

Mr. O'MAHONEY. That certainly clearly expresses the Senator's opinion, but I am wondering whether it is supported by the language of the section.

Mr. BROWN. I should think such action on the Administrator's part would be a circumvention of the Tariff Act, and if there is reason for difference in the construction of the two expressions, the usual legal rule, that the last expression of the legislature should determine, would certainly confirm the construction I have placed upon the bill.

Mr. O'MAHONEY. Of course, my feeling all along has been that the bill is a consumer's bill. It is not a producer's

bill; it is not a farmer's bill; it is a consumer and industrial bill.

Mr. BROWN. I do not agree with the Senator in that respect.

Mr. O'MAHONEY. Of course, I shall not ask the Senator to do so; but that was merely a preliminary statement. Let us read the first sentence of paragraph (e). I may be wrong about this, and I am raising the question in order to have it clearly interpreted by the debate so that the Senator's interpretation may hereafter be followed, if the conference report shall become the law.

The first sentence of paragraph (e), on page 4 of the report, reads as follows:

Whenever the Administrator determines that the maximum necessary production of any commodity is not being obtained or may not be obtained during the ensuing year, he may, on behalf of the United States, without regard to the provisions of law requiring competitive bidding, buy or sell at public or private sale, or store or use, such commodity in such quantities and in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production thereof or otherwise to supply the demand therefor—

The next phrase, of course, is directed toward the encouragement of domestic production:

or make subsidy payments to domestic producers of such commodity in such amounts and in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production thereof.

There is a clear grant of authority to buy, at public or private sale, any of the commodities, in order to provide the necessary amount for the market. Is not that correct?

Mr. BROWN. Yes; but the Senator recognizes that none of those powers may be exercised so as to affect the maximum prices set forth in the agricultural section of the bill, section 3. In other words, it was our intention that such sales and purchases should be made only when the maximum provided for was reached.

Mr. O'MAHONEY. I think it is clear that the authority to buy and sell is restricted by that provision, so that the power may not be used as a device for depressing the price.

Mr. BROWN. That is correct.

Mr. O'MAHONEY. I think the Senator is quite right about that.

Mr. BROWN. The provision reads:

No power conferred by this section shall be construed to authorize any action contrary to the provisions and purposes of section 3—

Section 3 is the agricultural section—and no agricultural commodity shall be sold within the United States pursuant to the provisions of this section by any governmental agency at a price below the price limitations imposed by section 3 (a) of this act with respect to such commodity.

Mr. O'MAHONEY. I am not concerned about that at all, and I think the conferees have amply covered that phase of the matter in the provision read. What I am discussing now is the condition which is likely to obtain, as I shall presently show, when, by reason of the failure to adopt the wage parity formula, the costs to the farmer rise, and the prices are limited, with the result that domestic production is curtailed. Then,

when domestic production is curtailed, the Price Administrator would have no recourse except to resort to the power to buy, and he may buy foreign production, and when he buys it, by reason of this provision respecting the tariff, he buys it at the prices which the Congress thought would keep out foreign production. In other words, is there not the danger that we may upon the one hand stifle domestic production, and, upon the other, encourage the importation of agricultural commodities from other nations to take the places of the commodities production of which here has been cut down by operation of the law?

Mr. BROWN. I should say there are two answers to the Senator's proposition.

Mr. O'MAHONEY. I hope there is one good one.

Mr. BROWN. I think there are two good ones. First, under paragraph (f), if the Administrator were so unmindful of the primary interests of the people of the United States—and I mean by that the agricultural interests—as to purchase for the purposes set forth in the statement just made by the Senator, he would violate that portion of paragraph (f) which provides that—

No power conferred by this section—

And that is the only place where the Administrator is given any such power—

No power conferred by this section shall be construed to authorize action contrary to the purposes of section 3.

The purposes of section 3 are not merely to keep agricultural prices at the levels of December 15 or October 1, or the average of the period from 1919 to 1929; it contains the 110 percent of parity provision. If it operates according to the intent of Congress—and it operates not under the jurisdiction and control and direction of the Price Administrator, but under the jurisdiction and control and administration of the Secretary of Agriculture—and if the condition to which the Senator refers resulted, then I think the parity price of agricultural products would rise in relationship to the prices of all manufactured products—not as to wages, but as to all manufactured products. It has been my contention throughout the consideration of the bill that wages are effectively brought into the picture by including the price of the commodities which the wage earner produces. Therefore, I say that on the second proposition, not only in subsection (f), in which I think the authority is clear, but in the agricultural section, section 3, through the use of 110 percent of parity, farm prices could not be fixed by the Administrator at any figure below their fair relationship to the price of industrial commodities.

Mr. O'MAHONEY. Mr. President, I agree with the Senator on that point. Evidently I have not made myself clearly understood. Assuming for the purposes of the question, that under the operation of the price-control bill ceilings are fixed upon agricultural commodities, with no control over other elements which enter into the cost of production for the farmer, the production of agricultural commodities is discouraged—and I can read letters to the Sen-

ator showing that to be a real danger, and not merely a figment of the imagination—and assuming, therefore, that the farmer is caught between the rising cost of production, upon the one hand, and the selling price fixed under the bill upon the other, and that production is thereby cut down, does not the Administrator have the authority to buy and import agricultural commodities to take the place of those which have not been domestically produced?

Mr. BROWN. Yes; of course, subject to the limitations of the bill and the tariff act, which I mentioned, and the other limitations.

Mr. O'MAHONEY. And those limitations are merely (a) that he shall not pay less than the prices fixed in section 3—

Mr. BROWN. Which includes 110 percent of parity.

Mr. O'MAHONEY. Yes; and (b), the second one, of course—

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. GEORGE. I desire to suggest to the Senator it is very clear that Mr. Henderson could buy farm products in any foreign country for and on behalf of the United States, and bring in whatever he bought, because the Tariff Act does not apply to goods imported by the Government itself, which are owned by the Government itself. However, even though he were to buy and bring in agricultural commodities for the purpose of supplying a temporary deficiency, he could sell for less than the price fixed for the similar commodities which are domestically produced in the United States, so that the price fixed would in a measure protect the tariff duties or rates in the final analysis. I believe the Senator from Wyoming has very clearly pointed out that Mr. Henderson, or the Price Administrator, actually could go into the foreign market and buy farm products for and on behalf of the United States and in the name of the United States, and import them without regard to any tariff.

The other provision, that nothing is to be construed to modify, suspend, or amend, and so forth, must be given its natural construction, and that is—

Mr. BROWN. From what portion of the bill is the Senator reading?

Mr. GEORGE. I am reading from page 5 of the report. As I was saying, that provision must be given its natural construction, which is that any importer who imports merchandise to be resold on the American market is governed, of course, by all the provisions of the tariff act. However, it would seem to be true that, inasmuch as the Administrator is himself limited in fixing the price of the commodity, and inasmuch as he could not sell anything he imported, although the tariff did not affect it, below the ceiling or floor price—whichever is the correct term—we have a fair and adequate protection of our tariff structure.

Mr. BROWN. Would not the Senator tie that argument to the 110-percent-of-parity provision found in section 3 of the bill, which is a limitation?

Mr. GEORGE. Oh, yes.

Mr. BROWN. It is the limitation which varies and changes and goes upward with an increase in the price of the industrial commodities to which the Senator refers.

Mr. GEORGE. Yes.

Mr. BROWN. That is the best protection the farmer has.

Mr. GEORGE. I think the tariff protection would be actually maintained and retained, not because the collector at the port could levy or collect a duty on so many bushels of corn or wheat, but because of the other restrictions on the power of the Administrator to sell below 110 percent of parity, or a readjusted parity, as the case may be, under the terms of the bill.

Mr. BROWN. No one has any better knowledge of the general subject matter than has the distinguished chairman of the Finance Committee, the Senator from Georgia [Mr. GEORGE], who has tariff matters in charge.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. BANKHEAD. I do not know whether subsection (f) of section 2 has been developed in the colloquy. Section 2 is the section under the provisions of which the Administrator may buy and sell, and it contains the only power he has to buy foreign products and to bring them into the United States.

Subsection (f) was intended—whether it is sufficient or not is another question—was intended by the committee and by the friends of the farmer to prevent the unfortunate difficulty which has just been suggested. That subsection provides:

No power conferred by this section—

That is the section providing the power to buy and sell, and there is no authority in the bill otherwise to do so, except as given in this section—

shall be construed to authorize any action contrary to the provisions and purposes of section 3—

Which is the section providing for permissible prices below which prices may not be fixed by the Administrator—

and no agricultural commodity shall be sold within the United States pursuant to the provisions of this section by any governmental agency at a price below the price limitations imposed by section 3 (a) of this act with respect to such commodity.

So there is an express prohibition against the purchase under this act by the Administrator or otherwise—

Mr. BROWN. Or sale.

Mr. BANKHEAD. He can buy, but he is expressly prohibited from selling at a price below that fixed under section 3 (a), which is the section giving the protection to the prices of agricultural commodities.

Mr. BROWN. And which section maintains the fair relationship between all prices in the United States, agricultural and otherwise.

Mr. BANKHEAD. Yes. Subsection (f) of section 3 provides:

No provision of this act or of any existing law, shall be construed to authorize any action contrary to the provisions and purposes of this section.

That is section 3, which fixes a minimum price below which the Adminis-

trator cannot drive down the prices of agricultural commodities.

Mr. CLARK of Missouri. Mr. President, I am very much interested to know why this discussion is limited to the provisions of this bill and what the Price Administrator created by the bill could do to agricultural commodities. Under the Lease-Lend Act, heretofore passed by Congress, another Presidential appointee, the Lease-Lend Administrator, may bring in all the agricultural commodities he pleases from any place on the face of the earth, without paying any duty whatever on them, and dispose of them in any way he sees fit. So it seems to me that for the Congress in this bill to circumscribe the Price Administrator in his operations with respect to prices while the Lease-Lend Act is on the statute books, permitting another executive authority to affect the market in any way he sees fit, is more or less a moot question.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. BANKHEAD. Subsection (f) of section 3, on page 6, provides that—

No provision of this act or of any existing law shall be construed to authorize any action contrary to the provisions and purposes of this section.

Mr. CLARK of Missouri. Does the Senator construe that provision as being a limitation on the Lease-Lend Act?

Mr. BANKHEAD. Of course.

Mr. CLARK of Missouri. If that be true, I am very much in favor of it.

Mr. BANKHEAD. I do so construe it, so far as the purchase of agricultural commodities by the Administrator is concerned.

Mr. CLARK of Missouri. I am glad to hear the declaration by one of the conferees that it is a limitation on the very reckless grant of power, as I see it, made in the Lease-Lend Act.

Mr. BANKHEAD. Without agreeing to the statement about its recklessness—I do not know about that—it is certainly clear in my mind, because it was discussed by the conferees, that subsection (f) prohibits any action which is contrary to the purpose of section 3, which is to maintain a certain level of prices for the farmers. That question was discussed on the floor of the Senate. I discussed it in dealing with the agricultural phases of the bill and the effect of the provisions of the Tariff Act. It seems clear to us that that provision is as ample protection as could possibly be given.

Mr. TAFT. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. TAFT. It is my impression that there is no provision in the Lease-Lend Act which would relieve the Government from paying the tariff on goods brought in if the goods are sold within the United States for general purposes. I do not think there is any removal of the tariff. An effort was made last year to take the tariff off anything bought by the Reconstruction Finance Corporation. The Banking and Currency Committee refused to do it, and Congress refused to do it.

Mr. CLARK of Missouri. It is an inherent power of Government to be able to import anything it pleases without paying a tariff.

Mr. TAFT. The law is not that. As I understand, the law is that if copper, for example, is imported for the Navy it is not subject to the tariff; but the tariff must be paid on any copper imported and sold to private interests in the United States.

Mr. CLARK of Missouri. That is an administrative ruling. There is no such provision in the law. It is an inherent power of Government to import whatever it pleases without paying a tariff on it.

Mr. TAFT. I do not think so. There is this difference: Mr. Jones said, "If we pay this tariff it is just taking money out of one pocket and putting it in another." However, it was pointed out that at least the distribution of moneys under the Surplus Commodities Act would be affected by payment of the tariff. Mr. Jones testified distinctly that the Reconstruction Finance Corporation had been paying the tariff on copper imported from Chile right along.

Mr. CLARK of Missouri. The Senator does not understand that the Government has actually been paying a tariff on products imported under the Lease-Lend Act, does he?

Mr. TAFT. I do not know anything about the operations under the Lease-Lend Act.

Mr. CLARK of Missouri. My information is that the Government has not been paying the tariff.

Mr. TAFT. I was thinking of the operations by the Reconstruction Finance Corporation under the Strategic Materials Act.

Mr. BROWN. In that respect I distinctly recall that that issue was before the Banking and Currency Committee when considering the bill authorizing the Reconstruction Finance Corporation to set up metal reserves and rubber reserves in various corporations. The question was asked whether the Reconstruction Finance Corporation—not the Government—paid the tariff on copper. As the Senator from Ohio says, that is the practice.

Mr. CLARK of Missouri. Mr. President, the Senator has laid his finger on precisely the distinction which I was trying to make, not as to the Reconstruction Finance Corporation, not as to any of the subsidiary corporations, but as to the provisions of the Lease-Lend Act, which authorizes the President of the United States himself, either directly or through such agency as he may set up, to import articles into the United States. My impression as to the actual practice under the Lease-Lend Act is contrary to that of the Senator from Ohio; but certainly I am very clear that under the provisions of the Lease-Lend Act anything on earth can be imported into the United States by the President if he declares it to be useful for the defense of some country, the defense of which he finds is necessary to the defense of the United States. Such commodities may be imported into the United

States without the necessity of paying any duty, and he may do as he pleases with them after they have been imported.

Mr. BROWN. But that power could not be used under subsection (f) of section 3 by the Price Administrator in any manner which might affect the prices of agricultural commodities as they are protected by section 3.

Mr. CLARK of Missouri. I entirely agree with the Senator from Michigan. I started by saying that it seems to me peculiar that we are so very meticulous and particular as to the power to be exercised by the Price Administrator, and so very careful to limit his powers, while the Lease-Lend Administrator, with no greater dignity as a Government officer, may do anything he pleases.

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. BROWN. I yield.

Mr. O'MAHONEY. It is obvious, as the Senator from Michigan has well pointed out, and as the Senator from Alabama has pointed out, that subsection (f) of section 3 controls any authority which may be conveyed by the Lease-Lend Act or any other act; so that is not the point.

The statements made by the Senator from Michigan and by the Senator from Alabama in response to my few remarks have all been based upon a misapprehension of what I have been asking. I agree completely that under the terms of the conference report the price provisions are protected. The Price Administrator may not use the power to buy or the power to sell to depress prices. Neither may he use that power to change the tariff law.

The Senator from Georgia [Mr. GEORGE] saw what I was trying to make clear, namely, that the bill gives the Administrator the broadest possible power to buy agricultural commodities from foreign countries. We control the price at which he may resell them, surely; but he has the power to buy them. What I am pointing out to the Senate is that under this section it seems to me altogether clear that if the result of the operation of the price-control law, as it will be on the statute books if this report is adopted, is to hold farm prices down at a level too close to the cost of production, so that the farmer is unable to operate at a profit, and therefore abandons production, we shall be confronted with the necessity of the exercise by the Price Administrator of the power here granted to purchase, in his discretion, foreign agricultural commodities which, by the operation of the law, our farmers are prevented from raising.

That is not a mere imaginary threat. That is a present threat. I have in my hand a letter which was written from San Francisco on January 24, 1942. The writer says:

The feed situation in California is very, very critical; the labor situation likewise. Hay is very scarce and high in price. Alfalfa hay is bringing \$20 to \$22 per ton at shipping points when it can be bought at all. The 1941 season was bad for hay. Late rains in the spring and early rains last fall cut the production of alfalfa hay in the State, as a whole, in an amount equivalent to one full crop plus. Volunteer hay, on

which dairymen in the northern part of California depend, was ruined. Prices on grain, mill feeds, and other concentrates have advanced between 50 and 60 percent in the last 8 months.

Man labor is practically unobtainable. The labor situation is far more critical in California than in the States east of the Rocky Mountains. It must be remembered that the concentration of shipbuilding and aircraft plants has drawn very heavily upon our labor supply. In this connection, too, it must be remembered that the three Pacific Coast States are on the western border of an area of sparsely settled States extending from the Canadian to the Mexican line, and having a distance of 1,500 miles eastward. The situation hits the poultry people hardest, the dairy people next, and the beef, sheep, and hog people in that order.

Summed up, the situation of the poultry and dairy people is that they are willing to meet the production goals set up for California by order of the Secretary of Agriculture, but unless they can obtain the wherewithal, production will be lessened instead of increased. Present prices obtainable for dairy products do not cover the exceptionally high feed and labor costs, and many dairymen are sending cows to slaughter which should be kept for milk production.

I shall not read further from the letter. I read a part of it in order to cite the dangers with which we are confronted.

Mr. Henderson, in testifying before the Committee on Banking and Currency, presented, as shown on page 71 of the Senate hearings, a revision of the House bill. In the suggestion which he made to the Senate Committee on Banking and Currency he indicated he wanted to restrict farm prices to 100 percent of parity. In the statement which he sent to the Senator from Michigan today he repeated the opinion that 100 percent of parity should be the level upon which to grant him authority to fix ceiling prices, utterly overlooking the fact, which the Senator from Michigan understands, and as to which he agrees with me, that 100 percent of parity is not perfection; 100 percent of parity is merely the preservation of the miserable ratio which existed during the period 1910-14.

So we have a conference report which, in subsection 2 (e), gives an administrator who does not understand the farm problem the power to fix ceilings upon farm commodities in a manner which threatens the production of farm commodities in this country, and which then will compel the country in self-defense to dig further into the Treasury in order to buy agricultural commodities from foreign nations—commodities which we ourselves might have been producing in this country.

It seems to me, Mr. President, that the mere statement of the situation, clearly demonstrated by the language of the conference report, is sufficient to indicate the absurdity of the proposal which we are asked to approve.

I grant that the same subsection 2 (e) recognizes that perhaps we may have to subsidize the farmer; because it says that the Price Administrator shall have authority to "make subsidy payments to domestic producers of such commodity in such amounts and in such manner and upon such terms and conditions as he determines to be necessary."

Mr. President, has not the time come when we should recognize the importance of maintaining the agricultural industry as a self-supporting industry? Why should it be necessary for the conferees to submit a report which in its terms recognizes the imperfection of the proposed act by granting the Price Administrator authority to subsidize the production of agriculture? When are we going to realize that we cannot forever spend more money than we produce in commodities? When are we going to realize, if ever, that the Government cannot continue to borrow for the purpose of keeping the economic system operating? The economic system cannot be conducted upon borrowing, for when the Government borrows, it merely creates a debt for future generations to pay out of the production of the future. We could avoid the creation of the debt if only we had the will to stimulate production now.

So, Mr. President, it seems to me that in subsection 2 (e), which authorizes the importation of foods and the purchase of foods, and which places a limitation only upon the prices the Price Administrator shall pay and upon the prices at which he may sell, and requires the Price Administrator to pay the tariff when he is buying the product, is only perpetuating the unsound conditions which are increasing the national debt and are destroying the capacity of the people of America to produce.

Mr. BROWN. Mr. President, the Senator bases his entire argument upon the assumption that the Administrator would utterly disregard the express provisions of the law.

Mr. O'MAHONEY. If the Senator will be good enough to point out the express provision of the law which would have to be disregarded, I should very much appreciate it.

Mr. BROWN. That is what I was about to do. In the first place, no power can be exercised under subsection (e) for any purpose other than to increase production or increase the supply.

Mr. O'MAHONEY. Of course; to increase production or increase supply; but when the production has been cut down by the exercise of the other authority, then it is necessary to exercise the authority to which the Senator now alludes, and to increase the supply, and to go abroad in order to do it. That is exactly what I am saying.

Mr. BROWN. Mr. President, I did not interrupt the Senator when he made a long and connected argument.

Mr. O'MAHONEY. I beg the Senator's pardon.

Mr. BROWN. I cannot pack into one sentence the argument I wanted to make in response to the Senator's argument.

Mr. O'MAHONEY. Certainly; and I shall not further interrupt the Senator until he has concluded his statement.

Mr. BROWN. It is impossible for me and, I think, for anyone else to answer in one sentence the argument which has been made by the Senator from Wyoming; I have to have time in order to develop my thought.

I say that under subsection (e)—and the Senator can answer me when I am through—there is no power to buy di-

rectly for the purpose of affecting prices. Such a provision was in the Senate bill, and it was stricken out.

The Senator's argument is premised on the proposition that the Administrator will utterly refuse to be bound by the provision which reads—

In any case in which a commodity is domestically produced, the powers granted to the Administrator by this subsection shall be exercised with respect to importations of such commodity only to the extent that, in the judgment of the Administrator—

And so forth. We have to repose the judgment in someone; and the Senator from Wyoming told us the other day that he thought Leon Henderson had done a pretty good job, and would do a good job under the bill.

Mr. O'MAHONEY. I repeat that statement, and I agree; I have the highest respect for him.

Mr. BROWN. I shall commence again to read the provision of law to which I was referring:

In any case in which a commodity is domestically produced, the powers granted to the Administrator by this subsection shall be exercised with respect to importations of such commodity only to the extent that, in the judgment of the Administrator, the domestic production of the commodity is not sufficient to satisfy the demand therefor.

What is that intended to cover? It is intended to cover a situation in which we do not produce sufficient of some particular commodity to supply the demand in the United States. Let us take a commodity. The commodity that occurs to me first is sugar. Our Government has already endeavored to supply the scarcity in the United States, to supplement the production of the United States by buying the entire Cuban sugar crop. That is an exercise of authority under this bill.

The Senator from Wyoming, aided by the Senator from Michigan, can make a long argument upon that subject matter. We could say that the whole policy has been wrong through all the years and that if the advice of our departed colleague, the late distinguished Senator from Colorado, Mr. Adams, and the advice of the Senator from Wyoming, who has taken his place in the Senate in leadership in respect to this commodity with the assent of all of us, had been followed, we do not think the situation would have been as bad as it is now, but the advice of the late Senator from Colorado, of the Senator from Wyoming, and of the Senator from Michigan in that respect was not heeded. I am not satisfied, I will say to the Senator from Wyoming, even yet that sufficient encouragement is being given to the production of sugar in the United States. I wrote a letter to the Secretary of Agriculture along that line on January 7, but have not as yet received a reply. We face an actual condition. There is not sufficient sugar to supply the needs of the people of the United States, and there is not sufficient of the product of sugarcane in the United States to supply the needs for alcohol for munitions made out of that product. I say that it is right and proper that somewhere in the law there should be authority on the part of someone to exercise judgment with respect to that. So we

give it to the Price Administrator in this section.

Mr. President, at this point I ask unanimous consent to have printed in the RECORD copy of the letter addressed by me to the Secretary of Agriculture on January 7, and copy of the letter addressed to me, on January 3, by Mr. Arthur A. Schupp, which was enclosed in my letter to the Secretary of Agriculture.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

JANUARY 7, 1942.

HON. CLAUDE R. WICKARD,
Secretary of Agriculture,
Department of Agriculture,
Washington, D. C.

MY DEAR MR. SECRETARY: I will appreciate very much your furnishing me with the information to reply to the attached letter from Arthur A. Schupp, executive secretary of the Farmers & Manufacturers Beet Sugar Association of Saginaw, Mich.

As stated by Mr. Schupp, the contracting of beet-sugar acreage has now begun, and I have assumed that the Department of Agriculture will certainly want to encourage the production of beet sugar in the United States during the national emergency.

I will be grateful for your prompt response so that I may notify the beet growers of Michigan of your wishes and plans with regard to the 1942 crop.

Sincerely yours,

PRENTISS M. BROWN.

[Enclosure.]

JANUARY 3, 1942.

HON. PRENTISS M. BROWN,
Senate Office Building,
Washington, D. C.

DEAR PRENTISS: Now that the Sugar Act has been extended and quotas have been announced for 1942, the beet growers are all asking whether there will be proportionate shares of acreage allotted to each grower this year, and on what basis.

The Secretary of Agriculture has made no announcement in this regard. Prior to the extension of the Sugar Act, the Sugar Division felt that it was without authority to make official statements regarding proportionate shares until Congress acted to prevent the expiration of the Sugar Act on December 31, 1941.

As you know, the period of contracting for beets is beginning, and neither growers nor processors have official information from the Department of Agriculture with regard to acreage allotments. The nearest thing to a statement was a table of production goals for 1942, published last fall, in which there was a notation, "No acreage limit expected." Of course, this was not an official announcement, and the word "expected" is far from being definite and was made at a time when sugar legislation would have expired on December 31, 1941.

All indications point to a shortage of sugar: First, because the acreage of beet growers was cut 17 percent instead of being expanded; second, because the Philippines are now eliminated as a source of supply, and Hawaii is a doubtful source; and third, the need for alcohol in defense will take one-third of the Cuban sugarcane crop.

Under these circumstances, the beet growers will appreciate very much your requesting the Secretary of Agriculture to make a public announcement of the desires of the Department of Agriculture with regard to the production of beet sugar in 1942, including a determination of the proportionate-share acreage allotments under the Sugar Act.

Thanking you for your uniform courtesy and service to the beet-sugar industry, I am

Yours very truly,

ARTHUR A. SCHUPP,
Executive Secretary.

Mr. BROWN. Mr. President, what the Senator from Wyoming fears is not proper administration of this section but maladministration of it. Of course, we, in the legislative branch of the Government, cannot always protect against that contingency, but I may say that I do not expect it. I expect that the Price Administrator will buy foreign commodities only when it is necessary to supply the demand in the United States, and that he will not, as he should not, buy them for the purpose of depressing prices of agricultural commodities in the United States.

Mr. O'MAHONEY. Mr. President, the Senator, by his closing remarks, clearly reasserts his misunderstanding of what I have been trying to say. I agree that the Administrator cannot use this power to depress prices. I do not contend for a moment that that would be the effect. On the contrary, I say as vigorously as does the Senator from Michigan that these powers are hedged about so that they cannot be used to reduce any of the prices fixed in section 3. Is that clear?

Mr. BROWN. Is it.

Mr. O'MAHONEY. So we are not arguing on that subject at all, but the Senator says that I expect maladministration of this act and that my argument is a contention that the Administrator would violate the provisions of the law. So I requested the Senator to cite the provision of the law and he cited the very first sentence which I read when I rose to interrupt him. Let me read it again. This is the last sentence on page 4:

In any case in which a commodity is domestically produced the powers granted to the Administrator by this subsection shall be exercised with respect to importations of such commodity only—

Only what?—

only to the extent that, in the judgment of the Administrator, the domestic production of the commodity is not sufficient to satisfy the demand therefor.

That is precisely what I say. Under that sentence the Administrator can purchase foreign agricultural commodities when the domestic supply is not sufficient to meet the demand. Is not that correct?

Mr. BROWN. That is correct; that is what the provision says.

Mr. O'MAHONEY. It says that just as clearly as it could be stated.

My contention is simply that the price-control bill, operating as it does without any control of wages and without any control over the elementary costs which go into farm production, will inevitably decrease production in the United States and, since it will decrease production, it will make it necessary for the Price Administrator to purchase commodities in foreign markets. That is my contention.

Mr. GLASS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. GLASS. What is the question before the Senate?

The PRESIDING OFFICER. The pending question is on agreeing to the conference report.

Mr. GLASS. Has the Senator from Wyoming moved to reject the conference report?

Mr. O'MAHONEY. I will explain to the Senator that the motion of the Senator from Michigan to agree to the conference report is before the Senate and, under parliamentary procedure, the motion is open to discussion.

Mr. GLASS. Well, it certainly has been discussed. [Laughter.]

Mr. BROWN. Mr. President, I was through, I will say to the Senator from Virginia, some time ago, but I thought it necessary to respond to the questions asked me by the Senator from Wyoming.

Mr. President, I desire now to give up the floor, and ask for the adoption of the conference report.

EXHIBIT A

LEON HENDERSON'S REMARKS ON PRICE-CONTROL BILL BEFORE THE GENERAL FEDERATION OF WOMEN'S CLUBS, JANUARY 24, 1942

I notice in some papers a confusion as to what I said last Saturday, January 24, before the General Federation of Women's Clubs on the price-control bill. I said, first, that, taken by itself and without other anti-inflationary measures, the bill as it came from conference could not prevent inflation. I said, second, that, even with heavy savings through sale of savings bonds and the new tax program as it has been outlined, the bill could not prevent substantial increases in the cost of living—the prices of things women would buy as consumers were bound to increase. I said further that the agricultural provisions as they now exist forbid the Price Administrator to take any action on agricultural products until substantial increases had occurred. I asked the women not to blame the Office of Price Administration if food and fiber costs went up, as I felt they surely would do, since the bill prohibits price ceilings on agricultural commodities until certain higher levels are reached.

I did not say that the bill was practically worthless as a price-control bill. Certainly the direct control of all commodities other than agricultural is improved by the standards and the provisions for enforcement of the bill. The statements I made are entirely consistent with my testimony on the bill before the Senate Banking and Currency Committee and with the recommendations I made for a revised bill, which was made in committee print dated December 9, 1941, showing certain proposed amendments to H. R. 5990 as it passed the House. This appears on page 72 and the following pages of the Senate hearings. Under section 3 (a), I recommended that the limitation on ceilings for agricultural commodities be (1) 100 percent of parity or (2) the October 1 market price, whichever should be higher.

On Wednesday, December 10, 1941 (p. 126, Senate hearings), I said, "If the price-control office is prohibited from controlling any run-away prices on agricultural commodities under the terms of the House bill, then it is inevitable that we shall get into the upward spiral."

Mr. SHIPSTEAD. Mr. President, the pending conference report, coming out of the conference between the House and the Senate, has, in my opinion, been explained in a few words by a Member of the House of Representatives better than by anyone else. I have the honor to quote from the remarks of a Member of the House of Representatives from my own district, an agricultural district, Mr. H. CARL ANDERSEN, who said:

Mr. Speaker, this bill provides no floor whatsoever for agriculture but does provide a ceiling. On the other hand, it provides a

floor for labor but no ceiling; it assures industry cost of production, plus a profit—something which has never been given agriculture—and, moreover, it places no brake whatsoever on the excess profits of industry. How anyone can call this legislation price control is beyond my imagination. Surely all must be covered or the purpose of the act is lost.

Mr. President, in considering this bill, and for years past in considering farm legislation, we have juggled with what seems to be a very mysterious word called "parity," and because of the fact that I think we have been led astray as to the meaning of the term we have misled many people, even ourselves.

According to Webster's International Dictionary, "par" means—

Equal to the standard; having the face value; equal (or equality of exchange value).

(2) A standard, either natural or agreed upon, with which to compare variations; a normal condition, rule, rate—

And so forth—

of equal amount, value, or degree.

That is the old understanding of the word "par" and parity. If the farmer had, by law, that kind of parity, there would be no need of a real parity bill. That is the meaning of the term used in exchanges and used in every endeavor of which I know except in applying prices to farm products. When it comes to fixing prices on farm products, the farmer must take another standard of parity. A different meaning is given to the term when it applies to the farmer.

How has parity been applied to the farmer? It has been defined by law as meaning something entirely different than as defined by Webster. Under the Agricultural Adjustment Act, it was determined by the Congress and by the signature of the bill by the President that for the purpose of the farmer parity should mean something else than we have always understood it to mean. So Congress in its wisdom said, "For the purpose of fixing prices for the farmer we shall give him parity, but we shall give the term a different meaning, a different yardstick or measure than we give to it in the case of anybody else. We shall go back to the years 1909-14 and find the relation between the average farmer and the average city man as to income. What were the prices that the farmer got for his products that gave him his income; and, in return, what prices did he have to pay to furnish income for the urban population?"

The experts of the Department of Agriculture found that the farmer's income during that period in relation to the city man's income was as 1 to 4. That means that when the farmer averaged \$1 in income the city dweller averaged \$4. So Congress in its wisdom determined that it was about right for the farmer to have \$1 of income when the city man had \$4. So Congress said, "For the purpose of raising the farm income from the point where it now is, and giving the farmer a chance to live and buy the goods of industry and pay industry's labor cost, pay industry's taxes, pay the freight rates to support the railroads"—where the farmer pays the freight both ways, both on what he sells and on what he buys—"in order

to make it possible for the farmer to pay not only the labor cost and the taxes and the overhead of industry but the profits of industry, we shall make it possible for him to go back to the glorious period of 1909-14, when he managed to do that on the basis of having \$1 when the city man had \$4." That was the foundation of the triple A program.

How was the farmer able to carry the city population on his back? Prior to that period he had more real parity than he ever had under the triple A, because in those days he could buy a grain binder for about \$110 or \$115. Wheat sold for anywhere from 70 cents to 85 or 90 cents or \$1 a bushel. Something like 10 days ago on the Chicago terminal market wheat was quoted at \$1.05. That meant about 90 cents on the farm. But today the farmer pays \$250 for a grain binder, and he has to pay for it with the price of wheat on a parity with about what he paid when he could buy a binder for \$110 or \$115. He used to buy a gang plow for about \$55. Now he pays \$135. He used to buy a grain drill for \$90. Now he pays about \$300; and he has to pay for it in the commodity that he sells at the price that he received for his grain—if he is a grain farmer—at a time when he bought a drill for \$90, a gang plow for \$55, and a grain binder for from \$110 to \$115.

Does not that picture illustrate how the farmer has become the tenant of the country, and is no longer a freeholder, an independent citizen having a stake in the American Republic?

Mr. WHEELER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Montana?

Mr. SHIPSTEAD. Yes; I yield.

Mr. WHEELER. The Senator knows Tom Campbell, of Montana; does he not?

Mr. SHIPSTEAD. Oh, yes.

Mr. WHEELER. He made a speech the other day in which he said that the farmers are getting a high enough price now, and that they should not ask for any more; and he is quoted all over the country as being one of the outstanding farm leaders of the country.

In Montana, Mr. Campbell is known as a Pasadena, Calif., farmer. He lives in Pasadena. He generally does his farming by remote control up in Montana. If he has made a success of farming in Montana, I do not know anybody who knows anything about it; yet he is one of the leading farm advisers of the administration, and he is frequently called to Washington and other places for his advice with reference to the farm problem.

A few years ago, since the Agricultural Adjustment Act was passed, he leased a large amount of Indian land for 50 cents an acre, and then the Government paid him something like \$1.50 an acre for not planting the land that he leased from the Indians.

Mr. SHIPSTEAD. That is true. And he pays no taxes on the land he rents from the Indians.

Mr. WHEELER. He made about a dollar an acre by the simple process of leasing the land from the Indians and

then not plowing it; so, of course, he made a success of farming in that way.

Mr. SHIPSTEAD. Then he very likely had 110 percent of real parity. So far as parity is concerned, it has already been demonstrated by these charts that the period 100 means the period when the definition of parity for the farmer of one dollar to four was established by law, and that was to apply to five agricultural commodities. Under that law, however, those commodities did not bring enough income to bring parity even under that definition; so we have had to go into the taxpayers' pockets, and to some extent—not fully, but to some extent—we have tried, so far as we could, by taxation and subsidy, to make good our word to the farmer that on five commodities he should be on the parity that he had in 1909-14. On five products we promised him that he should have \$1 when the city resident got \$4. On the other commodities he was left where he was before, except that he was worse off than he was from 1909 to 1914.

Something has been said about 110 percent of parity. That would be 10 percent more than the parity figure in the original A. A. A., an act against which I voted, by the way, because I did not think it would give real parity. I did not think it would give equality or mean real parity, according to the understanding of everyone, under Webster's definition. So I voted against the measure.

The newspapers and the commentators talk about the greediness of the farmer, say he is not satisfied with parity, that he wants 110 percent of parity. If the farmer had actual parity under the proposed law or any other law, or without law, and wanted 110 percent of what he was receiving, it would be outrageous. But he does not get 110 percent of real parity.

What does 110 percent of parity mean based on the ratio established in the years 1909 to 1914? It means that instead of having \$1 when the city resident has \$4, he will get \$1.10 when the city resident will get \$3.90. That is one of the outrages proposed, which make the industrial-center newspapers and commentators so indignant, though they have found no fault with the profits of the war contractors. That was illustrated by the Senator from Wyoming [Mr. O'MAHONEY] last week when he referred to a statement of the Office of Production Management. I read from his address:

Mr. President, in connection with the modified amendment, and with the whole problem which is being presented here, I wish to ask unanimous consent to print in the RECORD a press release which was given out by the Office of Production Management on December 30, 1941, together with a list of corporations to which certain war contracts have been given, and which I obtained from the Office of Production Management.

WAR-CONTRACT PROFITS EXCEED TOTAL FARM INCOME

The significance of this material is this: According to the statement of the Office of Production Management of December 30, 1941, there have been awarded by the Army and Navy up to September 30, 1941, more than fifteen and a quarter billion dollars in

war contracts. Those contracts totaling fifteen and a quarter billion dollars-plus awarded during the period from June 1940 through September 1941 have been issued to 2,922 corporations. Of that stupendous total, 82.6 percent was awarded to 100 companies; 100 corporations out of 2,922 to which more than fifteen and a quarter billion dollars in war contracts have been awarded received more than 82.6 percent.

Another interesting and startling fact in connection with this situation is that Mr. Leon Henderson, head of the Office of Price Administration, in testifying before the Banking and Currency Committee gave the estimate that corporate profits before taxes this year will total about \$11,500,000,000.

He proceeded:

It is only proper to say that Mr. Henderson did argue that price control will tend to hold down the cost of war production.

That is, by getting food below actual cost the industrial producer can make his profit at lower prices.

So far, their price control has been cost-plus. It is only fair to say that the profit figure of \$11,500,000,000 is before taxes have been deducted.

If the farmer gets 110 percent of parity under the pending bill, he will have \$1.10, whereas the urban resident's income, proportionately, as based upon our fundamental agricultural act, will be \$3.90.

There is another formula. There is the period from 1919 to 1929. Something is said about these prices in the conference report. The prices from 1919 to 1929 were said to be rather high. They were higher than in the preceding period, except for some articles during the war.

What happened to the farmer? What caused those prices? We loaned hundreds of millions of dollars to European countries with which to buy agricultural products, and it was in the years from 1919 to 1929 that the farmer found it necessary to go out and borrow so much money that he went into bankruptcy when the crash came in 1930. In one of the most prosperous counties in my State of Minnesota, where the soil is as good as any soil anywhere in the United States, the farm mortgages increased in that period, in 3 years, 1925, 1926, and 1927, sufficient to average an increased mortgage of \$3 an acre for every acre in the county, because the prices of what the farmers had to buy had risen so tremendously that while the prices of his commodities were higher than they had been prior to 1910-14, the prices of the things he had to buy had gone up so high that buying in this uncontrolled market, which condition still continues, it was necessary for him to mortgage his home in order to keep the farm going.

The farmer is not only the owner of a plant, he pays taxes, he must finance the machinery of the plant, he must invest capital to build buildings, he must hire labor, he must feed his family, he must do all these things, and then on top of them he must buy the necessities of life from the industrialist. When he does that, I repeat, he pays the taxes of the industrialist, he pays the total cost of labor, he pays his overhead expense, he pays his losses, he pays his profits, be-

cause they are all added to the price the farmer pays him for his goods.

If the farmer had an honest definition of parity and an honest yardstick of parity, he would have fixed by law a ratio which would be commensurate with prices of things he must buy, which would put him on a basis of equality; and that is what we have been discussing, but that is not what we have been legislating.

This is the finest piece of scientific legislation I have seen since I came to the Senate. We had a term in the Minnesota Legislature when I was a member years ago, that scientific legislation was something to give people something they thought they wanted and something that was entirely the opposite of what they wanted.

It is said there is a certain floor below which the Price Administrator cannot go. We hear talk about 110 percent of parity. We hear talk about parity of prices from 1919 to 1929. Then came the Senator from Wyoming [Mr. O'MAHONEY], in a very presumptuous way, it is implied, stating that 110 percent was not enough. So he came with his amendment providing that instead of 110 percent, 125 percent should be paid, based on the 1904-14 formula. That would mean that if the farmer got \$1.25, the urban citizen would get only \$3.75. The Senate said that was not too much for the farmer to get. But the conference and the newspapers say it would cause inflation. It would ruin the country, so they took the O'Mahoney amendment out of the bill. If the Senate agrees to the conference report, as the House did, we will be going on record as saying that if the farmer gets \$1.25 and the urban citizen gets \$3.75, the farmer will be getting too much. Is the Congress willing to go on record to that effect?

Mr. President, it is said that our proposed action will mean inflation. During the old World War we had higher farm prices than will be permitted under this bill, although it is said there is no ceiling provided by it. A minimum price was fixed on certain commodities during the World War. The minimum price of wheat at terminal markets was \$2.25. When the Administrator of food prices came into power he said that \$2.25 at the terminal market should be the maximum price. The farmer had to pay the transportation cost to deliver the wheat to the terminal market. The price of cotton was not fixed by the Administrator. It went to 44 cents a pound. With cotton selling for 44 cents a pound, wheat should have sold for \$4 a bushel. Cotton was a commodity on which the price was not fixed, and it soared to 44 cents a pound. If wheat had followed the law of supply and demand it should have gone to \$4 a bushel. That is how a price-fixing bill fixing the minimum and leaving the maximum to the Administrator was actually administered so that the minimum became the maximum, and because of the prices the farmers had to pay in those days for food, for sugar, for machinery, and for other things, it is

no wonder they had to place mortgages on their farms.

Mr. President, a great deal has been said about inflation; the target for attack is the farmer. It is said that we shall have inflation, which will ruin the national credit and ruin everyone, unless the farmer is satisfied with receiving \$1.10 as his income compared with the share received by the city man of \$3.90. We are told that unless the farmer accepts that formula and that standard of income, there will be inflation which will ruin the country.

Mr. President, I have searched but can find no one who says very much about debts and taxes causing inflation. It is a peculiar school of economics which can see no danger of inflation in national bankruptcy and in taxation so heavy as to reduce production, with the resultant unemployment, but which can see only the danger of inflation from the fact that the farmer shall receive \$1.10 whereas the city individual shall receive \$3.90. There is nothing in the price-control bill to prevent the city dweller from receiving even more.

Mr. President, we are in dangerous days and dangerous times. The right of the freeholder is greatly threatened. The only man, comparatively speaking, who is a freeholder and owns his plant and his property—while it may be mortgaged, he still has a ticket on it—is the farmer. The members of the city population, with investments in great corporate bodies, are not freeholders. They have no stake in the soil. They have no stake as freeholders. The foundation of the Republic was laid by freeholders, and it has been maintained by freeholders. If the freeholder who has a piece of property of his own and who can make a living for himself and his family on it, shall be eliminated, the foundation of the Republic will be gone.

Mr. President, the great concentrations of wealth represented by industrial corporations, are syphoning war contracts much faster than they can produce commodities. Those who let the contracts have given the contracts to the few corporations so fast that it has had the effect on production that choking a cow with a pumpkin would have—she could not eat it, and they have not been able to produce.

Mr. President, 50 corporations have received 80 percent of these war contracts. This concentration of capital and of wealth has resulted in dragging great sections of the population into the industrial centers, which will result in creating unemployment when the emergency is over. Where are those persons going to go? Who will keep them? Will the farmer who has to buy his necessities and his machinery in a World War market, on that basis of income proposed, be able to produce food enough to carry us through the emergency, and still have enough left to feed the hungry hordes who are coming back from the cities and industries begging for something to eat?

Mr. President, I shall not take the Senate's time any longer. I have felt it my duty to make these statements. I make them with all due respect to those Sen-

ators who do not agree with me. But I could not let this conference report go to a vote without expressing simply from the standpoint of my understanding of economics what dire results will follow. I cannot and will not vote for this thing. It is not fair to the farmer. At comparatively low prices to the farmer no control of industrial prices and labor, the farmer under this bill will suffer from lack of fair prices for farm products by having to pay unfairly high prices on what he buys. This is a bill to protect the profits of the manufacturer at the expense of the farmer.

Mr. TAFT. Mr. President, I desire to say only a word in support of approval of the conference report. I feel that I should like to answer the charge which is made in many newspapers, I think, without knowledge of the real situation, that this is a weak and powerless effort to control prices. It seems to me that the faults of the measure have been grossly exaggerated from that standpoint, and that, as a matter of fact, in this bill we are giving more power to the Price Administrator than any other officer has ever had in the history of the United States to control the economic relationship of prices and to control inflation.

I do not think there ever has been such a bill presented to Congress. There was no such bill in the World War. Herbert Hoover had no such power; Barney Baruch had no such power; Garfield had no such power. It seems to me we have given a plenary grant, with certain exceptions which are emphasized. One of those exceptions is the farm price limitations. As a matter of fact, it seemed to me that if we were to extend this power over everyone else it also ought to be extended over the farmer; but, so far as the actual limitations are concerned, I do not think anyone can successfully claim that the floor below which maximum prices cannot be fixed represents in any way an unfair figure. At least, in respect to any of the commodities I have studied, the price which must be fixed by the Administrator, if he fixes the price at all, it seems to me, is a price to which the farmers are thoroughly entitled.

The other fault alleged against the bill is that wages are in no way controlled. There is an express declaration in the bill that the Government departments dealing with wages shall endeavor to stabilize wages and cost of production just as the Administrator is supposed to stabilize prices. It is only a statement of policy; it is not binding; but I find no one who thinks that the control of wages can be put into a price-administration bill.

The whole method of controlling wages is different. There must be elaborate conciliation and mediation machinery. There must be methods of discouraging strikes. The system must be carried out by different departments, and under different legislation. If the bill is to work, the Government, through those other departments and agencies, must pursue a policy of stabilizing wages at the same time Mr. Henderson is pursuing a policy of stabilizing prices. If that is not done,

the responsibility will be on the Government. It will not be on the Congress.

There is one other thing which I think is defective in the bill, and that is that there is still a great division of authority. Mr. Henderson controls prices. Other departments deal with various kinds of commodities. I feel very confident that in the end the President will come to the creation of a board representing all the departments dealing with commodities. Over such a board there may be one administrator to coordinate the policy of commodity control, just as we have now finally coordinated the policy of war production.

With those two supplemental measures, it seems to me that we have as effective and fair a bill imposing price control as we could possibly find. I should be the last person in the world to favor price control in time of war, or to favor the tremendous amount of regulation and inevitable arbitrary action which will result; but it seems to me that this is preferable to permitting the wide open rise of prices, which would destroy the welfare and happiness of all the various groups which make up the people of the United States.

Mr. SMITH. Mr. President, I have often heard the question of the welfare of the farmers discussed on the floor of the Senate. I wonder how many Senators realize the radical and fundamental difference between natural production and mechanical or artificial production.

The manufacturer operates under man-made laws. He establishes a plant for the production of whatever he proposes to manufacture. He puts his plant in operation, and buys his raw materials. He can contract with bankers or others for exactly the quality and the quantity he will deliver. He has no winter, summer, spring, or fall. He operates under conditions which are exempt from the weather. When he borrows money he can assure the party from whom he borrows that, everything else being equal, he can deliver a specified quantity and quality. Therefore he obtains his loan at the lowest possible rate of interest, because he is a good risk. Yet on the floor of the Senate we discuss the farmer in the same terms that we discuss the artificial producer.

I know from personal experience what the farmer must do. The cotton producer, the wheat producer, and the corn producer must produce and deliver at the other man's price. No Senator will contradict that statement.

When we are talking about price control we say that wheat is worth so much a bushel. How much does the farmer realize out of the market quotation? We say that cotton is worth so much a pound. How much does the farmer actually realize out of that price? Let us see.

The farmer plants his crop, borrowing the money to finance it. He cannot tell how much or what quality he will gather. He must buy fertilizer, if he is in a region where fertilizer is indicated, and farm utensils at fixed, stable prices. He must pay the freight to the market on every bushel of wheat or pound of

cotton, because every contract which he makes so provides. I am familiar with the contracts with respect to cotton. I am not familiar with wheat contracts. The farmer must pay the cost, insurance, freight, and 6 percent for tare. All those items are deducted in the great markets where the prices are made, before the goods are passed on to the local broker.

In addition to taxes, the farmer must pay the freight, insurance, and cost to the man who purchases his cotton. Furthermore, he must pay the labor to cultivate the cotton; he must pay for picking, ginning, bagging, and tying. Every incidental expense is deducted from the price; and if anything is left after all the costs have been deducted, the farmer receives what is left.

Today spot cotton is selling for about 20 cents a pound. Anyone looking at that price would say that it ought to be a reasonable price to the farmer. It is better than what he has been receiving; but after deducting the cost of ginning, picking, labor, and taxes, I doubt if he clears a thing.

Mr. President, I have made a fair and critical study of the problem. In the last analysis, the farmer must pay the expenses of every city in America. He must pay the expenses of all insurance. We talk about wages. I have a rather large farm in Lee County. On Friday I had a statement from my overseer. We cannot afford to pay the wages which industry is paying; and yet we are asked to produce so as to support the terrible situation in which we find ourselves. The producer of a manufactured product is assured of a profit, because he could not run his plant if he did not make enough to keep it up and pay the overhead charges. They are included in the price for which he sells his goods. What farmer has the privilege of fixing his costs? Of all the occupations in this country of ours, his is the only one in which the costs cannot be fixed. He is the man upon whom ultimately the whole of organized society is dependent; and yet he is not allowed to have a word to say as to the price of that which he sells.

We have heard of strikes. It is claimed that they have retarded the progress of our war industries. What would happen to America if the farmers of America were to strike? Suppose they should say, "We are not going to sell a thing, from an egg to a steer. We will sell no vegetables; we will sell nothing; we are going to live amongst ourselves." I wonder what would happen? Something of that kind was started in Iowa, but all the promoter of the movement got for his pains was denunciation from those who were dependent upon agriculture.

Mr. President, it should hardly be necessary for me to stand on the floor of the Senate and talk to an intelligent body of men about the radical difference between the man who has to take the chances against forces over which he has no control and the man who does not have to take such chances. If the machinery of the manufacturer's factory is out of order he can have it repaired, but the farmer cannot order the rain or the sunshine; he has to gamble with the forces

of Nature. In my immediate community, and in other States, in this last year conditions were such that there was an absolute failure of crops. The farmer was not to blame. The Government was not to blame. The seasons were simply intolerable. Yet we stand on the floor of the Senate and have the callousness to denounce "the greedy farmer"; and we read such statements in the newspapers. If I felt that way about the farmers I am darned if I would go into a restaurant. I would eat what I produce, and I would not eat what these "dirty dogs" produce. I think every Senator should do likewise in justice to himself if he feels that the farmer is so greedy. God help us! I would actually desist from going into a restaurant. I sit in the Senate restaurant and see Senators who on the floor argue against helping the farmer "filling the radiator" with the proceeds of the farmer. [Laughter.] I would not do that.

A few days ago I was talking to a farmer and businessman. He was saying that the ban was being lifted, and that the farmers were being encouraged to plant more and more. He said, "We have been curtailed and curtailed." I said, "Yes—until you have not got any more tail to 'cur.'" [Laughter.] He said, "That is the trouble."

Why cannot we look at this matter as it is? Why cannot we see the facts as they are? Millions of people in the United States are dependent upon the exigencies of the weather, insects, and all the other factors over which the farmer has no control that constitute the uncertain chance of making a crop. We are trying to regulate daylight hours; I think we shall have to invite God to come down and consult with us as to winter and spring.

Mr. President, as a farmer let me say that it is useless to talk about fixing the farmer's price when he has no more control over it than the number of teeth in a hand saw has to do with the price of chickens. I do not know of a farmer in this country who has ever had a single word to say about the price of his labor. Suppose we were to pass the labor act provisions on to the farmer, and say, "You shall work only so many hours a day." I have seen the entire crop of a particular field lost because of the lack of 1 day's work. I have seen it lost because rain ensued or weeds got out of control. I am trying to get some Members of the Senate to realize that, so far as the farmer is concerned, in the economic organization he is not a factor at all.

Everything moves along the line of least resistance. The farmer pays the taxes; he pays insurance. I noticed that recently the railroads said they were not making as much money as they should be allowed to make, and immediately passenger rates were raised 10 percent. Why? Because the railroads are an organization which counts as a great element in modern American politics; through them we may get some votes. God bless my soul. If I could organize the farmers so that they counted as a factor in the ballot box, I could run this body and run the Government; but the farmers do not organize. I do not know

what is the matter with them. The farmer does not look out for those in the law-making branch who will take care of his welfare.

I want to go on record as stating that the farmer pays practically the economic cost of the entire American population. If we will analyze the situation, we will find that to be true. The farmer pays the freight, he pays the insurance, he pays every incidental expense of the things he buys, and he pays every incidental expense of the things he sells. Yet we stand here and take hours and hours to discuss the farmer as a partner in the market. He is not even considered.

The Senator from Oklahoma developed an idea, and I think that after referring to it I shall have no more to say. He said that we fix a ceiling for the farmer's prices, but we do not fix any bottom for them. The prices may go up, or conditions may develop and prices may go down to a point at which he almost gives his crop away and pays Caesar something to boot to take it. There is nothing to stop the downward plunge, but we must not let the prices of the greedy devil go too high.

There is one thing about which we can all rest assured: If there had been any profit in farming there would be some millionaires among retired farmers. How many does the Senator from Alabama know?

Mr. BANKHEAD. None.

Mr. SMITH. Exactly. It is said that "the greedy farmers" are robbing the Treasury; but I do not believe that in the State of South Carolina there is a really wealthy farmer who has made his wealth out of his farm. It is all very well for us to display charts and stand here and talk about the technicalities of economic figures. The truth of the matter is that the farmer does not have a show. The cotton market has gone up; the wheat market has gone up. Why? Because of the law of supply and demand. I feel very disgusted with all his effort. I had hoped that we should leave the farm element out of the question. The farmer is not a factor. He is not putting up his prices, nor will he put them down. He will pray God that he will get enough to live on; and that will satisfy him. Yet we hear it said, "Well, I think a price of so and so is enough for wheat." I should like to know how much the man who makes such a statement knows about the cultivation of wheat and the hazard of raising a crop of wheat. I wish every Senator would read the wonderful book entitled "Satan's Bushel," which describes the operation of the pit in Chicago. A book has been written describing the operation of the cotton exchange. I think the market places are very necessary under the order of things which we have, but I am utterly disgusted with our talking about the farmer as if he were an integral part of the economic market.

He has an inferiority complex; he thinks every other man is a little better than he. He will walk around feeding you and me and furnishing the raw material out of which our clothing is made, and humbly ask if we will not do this or that, when he ought to kick us and tell us to go to heaven. I cannot under-

stand how we can stand here with the expression of great statesmen, when we do not know the A B C's of the real philosophy of the relation of the farmer to the other segments of organized society.

I think we ought to agree that when, according to the law of supply and demand, it is ascertained that the demand is just about equal to the supply, there shall be a certain return to the farmer. If we do not stand between him and the other elements of organized society, and do it intelligently, we are in for the worst disappointment at the harvest time next fall that America has ever known.

The very essentials used in the production of grain, nitrate of soda, nitrogen, are now being parceled out, and there is not a man from the Southeastern States who does not know that there cannot be produced a grain crop such as we have been producing without the application of these ingredients. The South and Southeast will utterly fail in their grain crops, and it probably is true of production of other commodities, including cotton.

We are rationing things and giving priorities. I have had a terrible time to try to get steel enough to make flues for the flue-curing of tobacco. I have had to insist on the department seeing that enough of what is called tobacco cloth is made to cover the beds to protect them from the moth, so as to give tobacco plants an opportunity to become large enough to make a crop. Burlap has become so scarce that there is no sacking in which to ship fertilizer. An effort is now being made to substitute paper. Paper was tried in the case of lime, and there was a terrific loss; and, of course, that incidental loss will be charged up in the price of the fertilizer.

I do not know what the outlook for the production of food crops this year is.

Mr. President, I think I will quit. I should like to say what I want to say, but I cannot do it.

IS THE FARMER JUST POOR RELATION?

Mr. NYE. Mr. President, allegedly, this price-control bill is the instrument through which administrators will prevent price inflation. Such a purpose is praiseworthy, to say the least, but inflation is not going to be prevented by curbing only a portion, as this bill does, of the influences that enter into the building of inflation. I voted against the price-control bill at the time of its passage by the Senate, for the reason stated, and for the further reason that it would bring injury and disadvantage to the farm people of America and deny them a chance to hold their own in the mighty battle raging to determine who shall control the economy of America. This bill is going to make of the farmer "the goat," just as he was made "the goat" during and after the last war.

A primary factor entering into price making is the item of wages. This bill makes no effort to control wages, while it does undertake to control prices, particularly the prices to prevail for farm products. It puts the farmer in a price strait jacket, without doing the same with all other factors entering into price making.

IS FARMER DANGEROUS CITIZEN?

In following the debate which has taken place on this price-control measure one could not help but gather that some men were fearful that in this emergency of war the farmer would have to be watched and policed, that he was threatening to profiteer in this war emergency; that the farmer was going to "play hog" and get more than he needs "to just get by." While some in influential and favorable positions are turning defense and war to personal profit to the tune of millions of dollars while corporate profits are running wild—at a time like this we find ourselves quibbling over the prospect that the farmer might get more for his production, for instance, more than \$1.20 for his bushels of wheat, and thus wreck the whole cost of living structure, and this while their country is at war. Some persons, especially the columnists and radio commentators who farm on the pavements of our great cities, would have the public believe that the American farmers were just so many scalawags bent upon plundering their own country in this hour of emergency.

The men and women who shoulder the responsibility of agricultural production for America are as devoted to their country and the preservation of democracy and liberty as are any other class. They might well become the teachers of America on the subject of what democracy and liberty really mean. They will go further than any other people in doing whatever falls to their lot to do in winning this war. They are not fussing over what road we followed into this war. They only care that we are in. They are giving of their sons to the prosecution of the war; they will rally with all the strength they possess in its winning; but that does not give others the liberty to take advantage of them, to discourage rather than encourage the farmer in this hour when so much depends upon American farm production.

FARMER FAR FROM ENJOYING PARITY

Our farm population is approximately 25 percent of the total. That one-quarter of our people, and a most essential part they are, too, are enjoying, not a proportionate 25 percent but less than 8 percent of the total national income. What is it men now fear in this effort to hold down farm prices? Are they afraid that the farm quarter of our population will increase its share of the total income to 8½ percent or 9 percent or perhaps 10 percent? What is this thing called inflation that we fear? Is it the chance that the American farmer may come into possession of a greater proportionate share of the national income? Would it not be a terrible condition of affairs if the farm population were to have more than 8 percent of the national income even though they constitute 25 percent of the population of our country? Is the farmer a profiteer, if he gets a larger share of the national income than he now has?

During the last war when a grain binder was costing the farmer just over \$100, the Government declared \$2.18 a bushel to be the fair price for wheat. Now men argue that \$1.40 per bushel is too dangerously high a price to pay for

the same commodity, with a binder costing between two and three times what it then cost. With 100 the index for machinery prices paid by the farmer in 1909-14, we find him paying 157 in 1940, according to the Agricultural Marketing Service. If wheat was worth \$2.18 during the last war, why is it considered that \$1.20 is a fair price now, with production costs higher now than then?

FLOOR BECOMES CEILING

Then, too, as though we were not really fixing prices for what the farmer will sell, we hear it said that this price-control program only undertakes to fix a guaranteed floor price for farm products; that in the case of wheat we are merely trying to say that the price shall not be less than \$1.20 or \$1.40 per bushel. What farmer who operated at the time does not remember how in 1917-18 the Government, in determining wheat prices, assured the farmer that \$2.18 was to be the floor of price; that the price could go above that figure, but not below? The farmer found, however, that in operation the floor actually became the ceiling of prices. No farmer will be fooled now into believing that the present proposal will work out differently. Passing this legislation will have the effect of very definitely fixing the high mark that the farmer shall win as reward for his production.

FARMER MUST NOT TASTE PROFIT

Suppose, now, that demand for this great essential, wheat, were to become such as to command a price of \$2 per bushel: What would be the resulting gain to the farmer over and above what would be his return at a price of \$1.40? The 1941 production of hard wheat in the United States was 600,000,000 bushels. The difference of 60 cents per bushel then would mean that the producers of this wheat would have an average added income of \$360,000,000 to divide among themselves, or approximately \$25 for each one on the farms producing this wheat. In this hour, when we appropriate \$60,000,000,000 a year which will go to the creation of millions in profits and increased consuming ability, shall we continue to shiver about \$360,000,000, or any part of it, if wheat farmers are to have more than \$1.40 a bushel for wheat?

THE REAL PROFITEERS

Let us observe for a fleeting moment what others are experiencing in the emergency confronting America.

Corporate profits this year are totaling about \$11,500,000,000. Production is 40 percent or more above the peak of 1929. The profits of 808 industrial, commercial, and utility corporations for the first 6 months of 1941 were 33 percent above the like period of the preceding year, despite increased taxes. Untold profit increases are being recorded. United Aircraft, according to the Wall Street Journal of December 11, 1941, shows a 10-month 1941 profit of \$59,000,000 after depreciation, amortizing, retirement of emergency plant facilities, and other deductions. General Motors, for the third quarter of 1941, showed income available for dividends of \$42,000,000, as compared with \$15,000,000 in the like quarter of 1940. Du Pont, for the third quarter of 1941, showed operating revenues of

\$130,000,000 as compared with \$91,000,000 for the same period in 1940. To make a long story short, the Wall Street Journal of December 15 stated:

Earnings of industrial corporations have made substantial gains this year despite much heavier taxes.

The Federal Reserve Board, in its December report, shows that 416 companies earned 31 percent more than in a corresponding period of 1940, after taxes. From June 1940 through September 1941 the Army and Navy awarded fifteen and a quarter million dollars in war contracts to 2,922 corporations. Eighty-two and six-tenths percent of this total went to 100 companies. But look out for the profiteering farmer.

With these startling facts, here we are fretting over a comparatively small added income for the American farmer, a quarter of our population, perhaps as much as \$360,000,000 more for the thousands of farmers growing wheat. Watch the farmer, but do not be too watchful of anyone else. The farmer is the profiteer to keep an eye on. Is that the theory of the present consideration?

FARMER LOSES GROUND

Are we to build walls now that will prevent any substantial improvement for the farmer in his endeavor to improve his desperate lot? In 1939, two-thirds of all the farms in the United States had a gross farm income of less than \$1,000. About one in every five farms had a gross income of less than \$250 in that year. Ten years earlier, in 1929, those farms with incomes of less than \$1,000 were only one-half the total farms. In 1929 those farms with gross incomes of less than \$250 were only 6.6 percent of the total. Shall we say that the farm condition is so much improved that we must now guard against the possibility of profiteering prices paid to the farmer?

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. NYE. I yield to the Senator from Minnesota.

Mr. SHIPSTEAD. Has the Senator the figures of income of the individual farm inhabitant for the period 1909-14?

Mr. NYE. I will say to the Senator that I have not those figures ready at hand.

Mr. SHIPSTEAD. The Senator from Wyoming [Mr. O'MAHONEY] had them from the Bureau of Agricultural Economics.

Mr. NYE. I think they have been made a matter of record in the Senate.

Mr. SHIPSTEAD. As I recollect, the average income of the individual farmer was \$135; and, on the basis of the ratio on which we fixed so-called parity for the farmer, the average urban citizen at that rate would have had an income just four times that much.

Mr. NYE. Quite so.

Mr. SHIPSTEAD. That would be possibly between \$450 and \$500.

Mr. NYE. Somewhere in that vicinity.

Mr. SHIPSTEAD. And that is the ratio on which we intend to keep the farmer.

Mr. NYE. That is correct. It is the miserable pittance that was determined

as being a parity price through a period of 5 years, 30 years ago.

Mr. SHIPSTEAD. If the Senator will permit me to interrupt him further—

Mr. NYE. I am glad to yield to the Senator.

Mr. SHIPSTEAD. On that income the farmer will have to continue to carry industrial labor, the entrepreneur, the processors, and persons in the avenues of sale and barter.

Mr. NYE. That is precisely what it comes to.

In the light of all this, I am led to ask the question: Where in the world is our sense of balance when we would curb farm prices without curbing all other prices and costs entering into price making?

WHEAT AND BREAD PRICES

Suppose, now, that the farmer were to have for his products beef, milk, wheat, and so forth, a price that approached an honest parity of prices: What would be the effect, for example, of a larger price for wheat? What effect would a larger price have upon the bread purchaser? The relationship between bread and wheat price through the last 20 years would seem to indicate that the price of bread was influenced by wheat prices in a most insignificant degree. I have here a table, which I ask leave to have printed in the *Record* at this point, showing the range of North Dakota average wheat price and the average white-bread prices prevalent in the 39 principal cities of the United States for the years 1920 to 1940, inclusive.

The PRESIDING OFFICER. Without objection, it is so ordered.

The table is as follows:

	Average North Dakota wheat price per bushel	Average white-bread price in 39 principal cities
		<i>Cents</i>
1920.....	\$2.03	11.5
1921.....	1.05	9.9
1922.....	.91	8.7
1923.....	.90	8.8
1924.....	1.20	8.9
1925.....	1.37	9.3
1926.....	1.31	9.3
1927.....	1.13	9.2
1928.....	.92	8.9
1929.....	1.09	8.8
1930.....	.67	7.7
1931.....	.49	7.7
1932.....	.35	7.0
1933.....	.61	7.1
1934.....	.84	8.3
1935.....	.82	8.3
1936.....	1.03	8.2
1937.....	1.01	8.6
1938.....	.56	8.6
1939.....	.64	7.9
1940.....	.70	8.0

Mr. NYE. Mr. President, a study of these figures shows how inconsistent are the prices of bread in comparison with wheat prices. With wheat price cut in half from 1920 to 1921, bread price changed only \$0.006. When wheat price dropped from \$1.01 in 1937 to \$0.56 in 1938, bread price held to its level of \$0.086 per pound loaf. With wheat at \$1.05 in 1921, bread sold at \$0.099; with wheat at \$1.03 in 1936, bread sold at \$0.082. With bread costing \$0.089 in 1924 when wheat was at \$1.20, we find bread costing the same in 1928 when wheat was down to \$0.92. Study the comparative figures as

one will, he must come to the conclusion that wheat price has but little effect upon bread price.

It is interesting to go back of this table of so-called parity days, and find that in 1913 wheat at 74 cents found bread at \$0.056, while in 1930 wheat at 67 cents found bread at \$0.086; in 1914, with wheat at 93 cents, bread sold at \$0.063, while wheat at 92 cents in 1928 found the bread price at \$0.089.

The facts do not contribute to the argument that increased farm prices greatly influence living costs.

Wheat, to be sure, is but one of many agricultural products that are involved in this price-fixing program and in the shaping of living costs. But what is effected in wheat price is generally true of the prices of other farm products.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. NYE. I yield.

Mr. SHIPSTEAD. The Senator knows that freight rates have more than doubled in the period of so-called parity.

Mr. NYE. Certainly.

Mr. SHIPSTEAD. And taxes have doubled and trebled. There are better schools and better roads, and taxes are at least 3 times higher than they were 30 or 40 years ago, and all these things are taken into consideration. Still the farmer's ratio to industry is based upon the ratio of 4 to 1 in favor of the urban population.

Mr. NYE. Not only that, but, in spite of the increased cost of production and transportation, we find the farmer being asked, under the measure now pending, to be content with about half as much for his wheat as he received during the World War period, when price floors and ceilings were determined.

Mr. SHIPSTEAD. Without any compensatory control of prices of the things he has to buy.

Mr. NYE. None whatsoever. That the farmer is up against increasing production costs everyone knows. Without some price incentive it is questionable if agricultural production is going to be able to keep up with demand. However patriotic the farmer may be, and is, he is up against factors now that make production increasingly difficult. This bill is definitely not giving anything but added concern to the dairy farmer, and the beef producer sees in the legislation a very definite threat to his industry.

LAW WILL SLOW PRODUCTION

I am sure none desire interference with adequate agricultural production. But there is now already an alarming shortage of farm labor by reason of larger wages available in other industry. Industrial laborers are able to make from 4 to 10 times as much as the farm worker. Farm prices must be permitted to advance to a point that will permit reasonable farm wages, or we will gravely jeopardize production, and next year will find us with serious shortages of essential commodities. The farmer, often with his son or sons in the military service, is strictly up against a difficult labor problem for the duration of the war. Cutting down on prices is hardly going to be an incentive to him

in these hours of difficulty occasioned by machinery shortage and transportation problems.

Positively, this is no time to be practicing restrictions upon any part of our American production machinery which are not practiced upon all alike. Curbing the influences that would create dangerous inflation is desirable, to be sure, but the curbs should be upon all those influences. However sympathetic one may be with the cause of American labor and the wage earner, knowing the part which wages play in every price structure, it just does not make sense to grant power to arbitrarily fix prices to be paid the farmer and others, while leaving wages uncontrolled.

Mr. VANDENBERG. Mr. President, will the Senator yield?

Mr. NYE. I yield with pleasure to the Senator from Michigan.

Mr. VANDENBERG. I should like to insert in the *Record* at this point—and I am sure the Senator from North Dakota will approve—the Associated Press statement from New York this morning upon yesterday's meeting of the C. I. O. executive committee. I read only the first paragraph:

Opposition to a general sales or a Federal wages tax was coupled today in expressions of the Congress of Industrial Organizations executive board with a recommendation that Congress of Industrial Organizations unions include demands for substantial wage increases and union security in current and future bargaining negotiations.

I suggest that the action in New York yesterday was calculated far more to effect a price spiral in the United States than anything that may happen in the Senate this afternoon.

I ask that the entire article be printed in the *Record*.

There being no objection, the article was ordered to be printed in the *Record*, as follows:

SALES, WAGE TAXES OPPOSED BY CONGRESS OF INDUSTRIAL ORGANIZATIONS—EXECUTIVE BOARD URGES HIGHER PAY AND UNION SECURITY

(By the Associated Press)

NEW YORK, January 26.—Opposition to a general sales or a Federal wages tax was coupled today in expressions of the Congress of Industrial Organizations executive board with a recommendation that Congress of Industrial Organizations unions include demands for substantial wage increases and union security in current and future bargaining negotiations.

Meeting with President Philip Murray, the board held that living standards of the Nation's workers were being "seriously threatened as a result of the spiraling cost of living and inequitably increased taxes upon the low-income group."

Murray said statisticians estimated the cost of living was increasing at the rate of 2 percent a month and that by March 15 living costs would be 20 percent greater than in January 1941.

"On the other hand," Murray said, "financial reports of corporations indicate extraordinary profits. There is ample justification for labor to present its wage-increase claim to American industry."

He said he believed these demands could be met without adding to or creating any spiral in "the so-called inflationary processes."

Asked for an interpretation of the board's "union security" stand, the Congress of Industrial Organizations chieftain expressed be-

lief organized labor had a right to seek the closed shop before the new War Labor Board.

The board urged Congress to appropriate \$300,000,000 for unemployment-compensation benefits to absorb the severity of priorities unemployment. Murray said Congress of Industrial Organizations and Government estimates indicated that between 3,000,000 and 3,500,000 would be forced out of jobs by the end of the year because of war industry conversion.

Other resolutions adopted urged Federal and State Governments to set up boards to handle problems created by the increased cost of living among Federal, State, and municipal employees and called upon Congress to enact a program "which will stop war profiteering and the creation of war millionaires, and protect the standard of living necessary to maintain American production at a maximum."

Federal revenue to finance the war should be obtained, the board said, from increased normal and excess-profits taxes on corporations, closing loopholes in the present individual and corporation taxes, and increased rates together with lowered exemptions on estate and gift taxes.

Mr. NYE. I thank the Senator very much for calling the article to my attention at this time. Surely it indicates what we may expect, and what we have a right to expect in the way of cooperation, in any endeavor to stabilize the price structure.

Mr. President, I favored and I voted for the Bankhead amendment, the O'Mahoney amendment, and other amendments which have sought to make for security against one-man control of the Nation's price structure. They would, of course, tend to raise the floor of prices which would be fixed. But these amendments do not in any degree remove the basic cause for my complaint against this price legislation.

FARMER IN PRICE STRAIT JACKET

The American farmer is as patriotic and as willing to do his part in winning the war for his country as any other class of Americans, but it is not in me to blame him for objecting to restrictions and limitations not applicable to others. Because I object to placing agriculture in a price strait jacket which does not apply to all others who play a part in determining prices and the balance which should obtain in our economy, I shall vote against this so-called price-control bill conference report.

The loss of the O'Mahoney amendment in conference is to be regretted. In that amendment there was assurance of some ability to give the farmer a price that would be in step with other cost factors.

The Bankhead amendment, which remains in the bill, offers some safeguard for the farmer against arbitrary price fixing. The voice given the Secretary of Agriculture under this amendment is only a limited power, however. The amendment by no means affords a legislative restriction which cannot be gotten around if there is real wish to get around the Secretary's findings.

WAGES UNCONTROLLED

The question is asked: "If there is no price-control legislation, inflation will at once result; would you chance this in the name of upholding the interest of the farmer?" My answer can be direct: Inflation is already here and will continue

to grow, and no material prevention of general inflation is provided in the bill so long as it leaves uncontrolled the item of wages—the largest factor in price making.

Experience dictates this vote of mine against this price-fixing bill. I cannot forget what happened to the farmer 25 years ago. Somehow many are given to feel that this time things are going to be different; this time a price floor is going to be a floor and not a ceiling. If it is any different this time, I fear the difference will be found in the increased intensity of the operation against the farmer and his proportionate share of the national income.

SHAMEFUL EXPERIENCE AGAIN

Now that war has become the lot of our Nation, I shall let no act or word or thought of mine lessen the chance of victory for my country; indeed, I shall contribute to the accomplishment of that victory with every energy I possess. I fought against the involvement of my country in this world madness with the same energy. I think nothing contributed so largely to this extended effort on my part as did my memory of what the last war did to the farm people and to farm communities in those States of my acquaintance, and particularly my own State, which is so completely agricultural. To put these farm people, often the same ones, through the wringer that bled them quite white starting in 1918, would be all but criminal. We in these places, who are offered the chance to serve and guard, owe it to ourselves to guard against repetition of that painful, shameful experience.

I wish we could more largely vision what is ahead of us and the importance to the future of our effort now to let the agricultural industry come through this emergency with such strength and stability as will give the Nation something reasonably strong to tie to when comes the day for rebuilding our economy.

We ought at least to try to profit by our memory of what followed the last war. The farmer during that war was given no such chance to build up profits and reserves as was enjoyed by others. His production was sold under a ceiling of prices during the inflationary period. His gain was limited. When the boom period ended and getting back to normalcy became the economic rule, the floor fell out from under the farmer; he was without the reserve created by profit which others had enjoyed, and he became the national football, to be kicked at pleasure. The country marched right over him when liquidation was demanded. For years he was trampled upon until his proportionate share of the national income became a disgrace. His proportionate share of the income fell from 16.7 percent in 1918 to 11.5 percent in 1920, then to 6.5 percent in 1921, since which time he has not in any year won more than 9 percent.

FINISH OFF THE FARMER

His weakness tended gradually to tear down other industry. By reason of lack of buying power in the agricultural third or fourth of our total population it was

inevitable that the props under our whole economy would crumble—and crumble they finally did—bringing us the most challenging break-down our economic system had known. Years of legislative effort, solicitation, and spending have followed. The result is that today the 25 percent of our people on the farms are dividing less than 8 percent of the total national income. Now we start all over again; we are engaged in another war, and fear seems to exist that the farmer might somehow get more than 8 percent of the income, and we find the will exists to put him back in a strait jacket of price control, the selfsame jacket that all but destroyed him after the last war. Perhaps another war and some more price-control ceilings can finish off the American farmer this time, get him out of the income class completely, and let America feed herself with supplies from Canada, Argentina, the Philippines, China, Japan, and the East Indies.

LET AGRICULTURE BE STRONG

No single industry is as basic to American strength in an economic way as agriculture. When we say that this industry occupies one-fourth of our population we do not tell the whole story of American dependence upon it because we do not include the millions whose business dependence is first and last upon the farmer—the mechanics, the merchants and dealers, the insurance agents, the doctors, the lawyers—the entire populations of towns and cities in the agricultural communities. What is more basic in our economy than agriculture? No other industry compares with it. Then why not treat it as the pillar upon which we must plan and build instead of treating it as poor relation who will somehow shift for himself?

If we are reasonably wise today we will count on a terrible day of reckoning when we shall have won this war and are confronted with the necessity of swinging back to a normal economy which is not inflated by the quick and expensive and inflationary demands of war, of swinging back to an economy that is dependent upon construction rather than destruction. If we count on this obvious necessity arising, then we shall be wise to give every encouragement we can to agriculture, to the end that it shall be a strong, healthy enterprise that will serve as a substantial base upon which we can rebuild and reclaim that thing called normalcy when the world's madness is ended; and do this rebuilding without the excuseless pain which must again result if we push agriculture to the bottom of the heap only to drag everything else down with it ultimately. One hundred and thirty million people are going to find recovery much easier if that one-quarter of them engaged in the single endeavor of producing our first essential requirements are able to carry on strongly through this war emergency and come out of it with a stability that will enable them to consume the products to the production of which the industrial part of our population will return when planes, guns, and armor plate are no longer in wartime demand.

FARMER THE GOAT

To me it seems that there need be no grave fears about any inflation to which the farmer may contribute, at least not until that farm one-quarter of our population is receiving something approximating one-quarter of the national income. That is what we ought to be talking about as honest parity. Until this price control is fastened upon all as it is fastened upon the farmer, the talk of preventing inflationary prices is just so much of what is commonly called fooling the farmer. This bill is going once again to make Mr. American Farmer the goat.

Mr. President, the figures and statistics which I have quoted are from tables compiled by the Department of Agriculture, which I now ask to have incorporated in the RECORD at this point.

One table shows the sales, home consumption, cash income, and gross income from wheat, 1910 to 1940, for the State of North Dakota.

The second table shows the index numbers of prices paid by farmers for machinery and for all commodities used in production, retail prices of bread, and farm debt in the United States, 1910-40.

The third table shows the average price per bushel for wheat in selected markets and grades from 1910 to 1940.

The fourth table reveals the incomes to persons on farms as percentage of national income and farm population as percentage of total population, 1910 to 1940.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE 1.—Sales, home consumption, cash income and gross income from wheat, by States, 1910-40

Calendar year	North Dakota				
	Sales	Average price per bushel	Cash income	Home consumption	
				Quantity	Value
	1,000 bu.	Dols.	1,000 dols.	1,000 bu.	1,000 dols.
1910.....	57,087	0.97	55,114	47	46
1911.....	58,058	.90	52,477	55	50
1912.....	114,215	.78	88,965	55	43
1913.....	105,190	.74	77,631	55	41
1914.....	84,963	.93	79,186	55	51
1915.....	116,194	.95	110,037	55	52
1916.....	75,309	1.19	89,822	52	62
1917.....	53,668	1.93	103,802	75	145
1918.....	82,698	2.04	168,379	78	159
1919.....	50,785	2.24	113,802	55	123
1920.....	61,344	2.03	124,454	60	122
1921.....	74,291	1.05	77,860	64	67
1922.....	94,458	.91	86,276	60	55
1923.....	77,071	.90	69,559	54	49
1924.....	104,976	1.20	125,464	55	68
1925.....	109,305	1.37	149,792	56	77
1926.....	62,716	1.31	82,437	55	72
1927.....	106,966	1.13	120,760	58	66
1928.....	123,543	.92	113,123	120	110
1929.....	94,090	1.00	93,991	116	116
1930.....	86,570	.67	58,003	660	442
1931.....	39,579	.49	19,476	546	268
1932.....	60,628	.35	20,998	1,265	443
1933.....	66,654	.61	40,514	1,404	856
1934.....	23,811	.84	20,077	693	582
1935.....	27,958	.82	22,934	1,000	820
1936.....	21,817	1.03	22,417	408	420
1937.....	35,059	1.01	35,416	516	521
1938.....	51,908	.56	29,325	583	326
1939.....	77,561	.64	49,621	560	358
1940.....	106,737	.70	74,761	700	490

Income parity for agriculture, pt. I, sec. 5—Income from wheat.

TABLE 2.—Index numbers of prices paid by farmers for machinery and for all commodities used in production, retail prices of bread, and farm debt, United States, 1910-40

Year	Index numbers		Total farm debt ²	Total number of farms ²	Total farm population	Farm debt	
	Prices paid for machinery ¹ 1910-14=100	All commodities used in production ¹ 1910-14=100				Per farm	Per capita
			<i>Mill. dol.</i>	<i>Thou- sands</i>	<i>Thou- sands</i>	<i>Dol.</i>	<i>Dol.</i>
1910.	102	98	4,444	6,362	32,077	699	139
1911.	101	103	4,816	6,390	32,110	754	150
1912	102	98	5,331	6,420	32,210	830	166
1913.	98	102	5,890	6,450	32,270	913	183
1914.	96	99	6,321	6,480	32,320	975	196
1915.	100	104	6,677	6,520	32,440	1,024	206
1916.	107	124	7,132	6,560	32,530	1,087	219
1917.	126	151	8,062	6,540	32,340	1,233	249
1918.	155	174	9,057	6,520	31,770	1,389	285
1919.	161	192	10,107	6,470	30,930	1,562	327
1920.	167	174	12,321	6,448	31,614	1,911	390
1921.	156	141	13,634	6,500	31,763	2,098	429
1922.	142	139	13,751	6,510	31,749	2,112	433
1923.	146	141	13,729	6,400	37,130	2,145	441
1924.	152	143	13,506	6,350	30,817	2,127	438
1925.	153	147	12,677	6,372	30,830	1,989	411
1926.	154	146	12,440	6,340	30,619	1,962	406
1927.	154	145	12,269	6,260	30,170	1,960	407
1928.	154	148	12,363	6,270	30,188	1,972	410
1929.	153	147	12,363	6,290	30,220	1,966	409
1930.	152	140	12,019	6,289	30,169	1,911	398
1931.	150	122	11,500	6,390	30,497	1,800	377
1932.	141	107	10,842	6,530	30,971	1,660	350
1933.	137	108	9,963	6,720	31,693	1,483	314
1934.	144	125	9,154	6,770	31,770	1,352	285
1935.	148	126	8,935	6,812	31,801	1,312	281
1936.	149	126	8,771	6,640	31,355	1,321	280
1937.	154	135	8,628	6,460	30,846	1,336	280
1938.	160	124	8,741	6,320	30,502	1,383	287
1939.	157	122	9,025	6,210	30,305	1,453	298
1940.	157	124	8,926	6,097	30,079	1,464	297

¹ Agricultural Marketing Service.

² Bureau of Agricultural Economics.

Division of Statistical and Historical Research, Bureau of Agricultural Economics.

TABLE 3.—Agricultural statistics, 1941

WHEAT: AVERAGE PRICE PER BUSHEL, SELECTED MARKETS AND GRADES, 1900-1940

Year beginning July	Minneapolis, No. 1 Northern Spring	Minneapolis, No. 2 Amber Durum	St. Louis, No. 2 Red Winter	Kansas City, No. 2 Hard Winter	Chicago, No. 2 Hard Winter	New York, No. 2 Hard Winter ¹	Liverpool, imported ²
	Cents	Cents	Cents	Cents	Cents	Cents	Cents
1900.....	75	74	67	72	84	87	87
1901.....	72	72	68	71	82	87	87
1902.....	74	71	68	73	85	89	89
1903.....	87	69	87	77	81	98	90
1904.....	113	92	103	97	101	120	95
1905.....	84	70	90	80	86	96	98
1906.....	83	64	76	72	76	92	93
1907.....	107	85	94	83	96	116	110
1908.....	111	95	104	99	109	122	120
1909.....	109	90	113	107	109	120	120
1910.....	105	87	99	98	100	104	107
1911.....	107	98	94	97	94	110	112
1912.....	87	85	105	88	94	103	114
1913.....	88	83	89	84	89	99	106
1914.....	120	122	110	105	111	136	175
1915.....	109	104	120	119	114	128	157
1916.....	176	180	163	171	157	208	224
1917.....	220	218	223	252	228	240	235
1918.....	236	222	223	219	234	237	240
1919.....	300	249	230	242	227	255	215
1920.....	201	200	213	183	216	210	223
1921.....	148	119	127	120	128	135	151
1922.....	126	107	121	113	113	131	144
1923.....	124	106	107	105	106	121	127
1924.....	158	156	159	135	139	170	181
1925.....	165	144	169	163	161	180	176

See footnotes at end of table.

TABLE 3.—Agricultural statistics, 1941—Con.

WHEAT: AVERAGE PRICE PER BUSHEL, SELECTED MARKETS AND GRADES, 1900-1940—Contd.

Year beginning July	Minneapolis, No. 1 Northern Spring	Minneapolis, No. 2 Amber Durum	St. Louis, No. 2 Red Winter	Kansas City, No. 2 Hard Winter	Chicago, No. 2 Hard Winter	New York, No. 2 Hard Winter ¹	Liverpool, imported ²
	Cents	Cents	Cents	Cents	Cents	Cents	Cents
1926.....	151	155	138	135	140	156	163
1927.....	141	132	149	135	138	153	152
1928.....	126	113	139	112	117	131	128
1929.....	130	119	130	120	130	126	129
1930.....	82	78	83	76	84	92	80
1931.....	71	76	52	47	53	68	59
1932.....	61	58	55	51	53	69	54
1933.....	91	103	94	88	94	106	68
1934.....	116	138	94	98	102	119	81
1935.....	126	113	95	105	104	125	90
1936.....	147	157	111	121	117	143	126
1937.....	128	107	113	111	118	116	124
1938.....	79	72	70	70	70	87	70
1939.....	97	92	75	74	78	112	(³)
1940.....	90	92	82	82	85	106	-----

¹ 1900-1908 averages of monthly high and low from Annual Statistical Report, New York Produce Exchange, of No. 1 Northern Spring; 1909 to date averages of daily closing prices in the cash market from New York Journal of Commerce.

² Compiled from Broomhall's Yearbooks and Corn Trade News, 1900-1925. Imported Red; 1926 to date, average of all parcels at Liverpool.

³ Average for 6 months.

⁴ Average for 10 months.

⁵ No. 1 Dark Northern Spring beginning 1918.

⁶ Average for 11 months.

⁷ Hard Amber Durum beginning 1934.

⁸ Market closed September 1939.

Bureau of Agricultural Economics.

The prices at Chicago, Minneapolis, Kansas City, and St. Louis are weighted averages. New York and Liverpool are simple averages. The weighted average prices are compiled from daily trade papers of markets named.

TABLE 4.—Income to persons on farms as percentage of national income and farm population as percentage of total population, United States, 1910-40

Year	Income to persons on farms as percentage of national income ¹	Farm population as percentage of total population ²
	<i>Percent</i>	<i>Percent</i>
1910.....	13.5	35.1
1911.....	12.1	34.5
1912.....	12.7	34.1
1913.....	11.7	33.5
1914.....	12.5	32.9
1915.....	11.6	32.5
1916.....	11.3	32.1
1917.....	15.7	31.4
1918.....	16.7	30.5
1919.....	15.0	29.5
1920.....	11.5	29.9
1921.....	6.5	29.5
1922.....	8.1	29.0
1923.....	8.0	28.0
1924.....	7.9	27.2
1925.....	9.2	26.8
1926.....	8.3	26.2
1927.....	8.1	25.5
1928.....	8.3	25.2
1929.....	7.9	24.9
1930.....	6.9	24.6
1931.....	5.9	24.7
1932.....	5.3	24.9
1933.....	7.2	25.3
1934.....	7.2	25.2
1935.....	9.0	25.1
1936.....	8.3	24.6
1937.....	8.7	24.0
1938.....	7.7	23.6
1939.....	7.6	23.2
1940.....	7.2	22.9

Mr. THOMAS of Oklahoma. Mr. President, I shall detain the Senate for but a moment.

I shall vote against the enactment of the so-called price-control bill for the following reasons:

First. The measure is admittedly a consumers bill and has for one purpose—if not its main purpose—the holding down of prices of raw materials from which food and clothing are derived.

The bill provides an automatic plan for fixing definite prices for such products as wheat, corn, cotton, hogs, and cattle, yet leaves to the judgment of the Administrator the prices to be charged for the products derived or processed from such products as wheat, corn, cotton, hogs, and cattle.

The bill gives the Price Administrator the power to hold agricultural prices down to the limits prescribed, but places no comparable automatic limitations upon the prices of goods derived or processed from such raw materials.

Second. The bill, if enacted, will confer upon one man—the Price Administrator—full power to adjust, regulate, and control the domestic economy, not only of the people of the United States but in addition a large percent of the peoples of the world.

Mr. President, such power proposed and attempted to be delegated is too much power to be delegated to any one man irrespective of his ability, education, and experience.

Third. Under the Constitution, all legislative power conferred is vested in the Congress. The Congress may not delegate its legislative powers save under certain definite and specific conditions and within definite limitations. In order for the Congress to delegate its legislative powers the conditions upon which such powers are proposed to be delegated must be stated or such conditions must be found to exist by the agent before he may act and, second, definite limitations must be fixed in the law beyond which the agent cannot act.

This bill provides, save in a very few instances, that the Price Administrator may fix prices on any commodity at any figure "as in his judgment will be generally fair and equitable and will effectuate the purposes of this act."

I hold that the bill does not propose to delegate the legislative powers of the Congress in a constitutional manner, and that if the bill is enacted into law and tested in the courts the act will be held to be invalid, null, and void.

Mr. President, history shows that the only time the farmers have ever had an equality with industry has been during or just after a war of major importance. Now, after a decade of agricultural depression, we find ourselves engaged in another war of major importance; and at the same time we are called upon to enact legislation having for its main objective the holding down of prices of farm products.

In the absence of similar definite provisions and limitations respecting the prices of processed products, industrial goods, wares, commodities, services, fees, commissions, salaries, and wages, I hold that

the bill, if enacted, will be unfair to agriculture and to producers generally.

For the reasons stated, I shall vote against its passage.

Mr. O'MAHONEY. Mr. President, I desire to make as simple and brief a statement as may be possible with respect to the reasons why I believe the conference report is not a satisfactory price-control bill.

It is my understanding that Mr. Henderson made a similar statement to the Federation of Women's Clubs in this city only a few days ago. He prepared a statement with respect to the published report of his remarks before that group, and placed it in the hands of the Senator from Michigan [Mr. Brown], who has entered it in the RECORD of today's proceedings. I do not have it before me, but I glanced over it, and my understanding of it is that it was a declaration on Mr. Henderson's part that the bill, as agreed upon by the conferees, will not prevent inflation. He asked the members of the Federation of Women's Clubs not to blame him if inflation should result.

I am likewise of the opinion that the bill will not prevent inflation. Since the so-called O'Mahoney amendment, so far as it relates to wage parities, has been rejected, I wish the RECORD to be quite clear that if inflation comes it will not be because of the formula which I proposed, tying the prices of farm commodities to the rising prices of industrial wages.

It must be remembered that there is nothing in the bill to control that factor. As I said during the debate upon the bill itself, when I was explaining my amendment, I can understand and sympathize with the motives of the committee in avoiding placing a limit upon wages, because I know that a very large proportion of the people in industry, as well as upon the farms, are not receiving a fair return. So my proposal was simply that, since the committee had undertaken as a policy not to place any restraint upon this important factor, there should be recognition of the farmer's place in our economy.

However, altogether aside from that, it must be acknowledged that there is grave danger of inflation. The proposal was made many years ago that in case of war the Congress should undertake to prevent inflation. That was a wise suggestion. It was made over and over and over again, in document after document, article after article, and congressional hearing after congressional hearing, by Mr. Bernard Baruch, who was the head of the War Industries Board during the last war.

It may be worth while now to place in the RECORD a sentence or two from the statement of Mr. Baruch, which was submitted to the Joint Congressional and Cabinet Commission constituted pursuant to public resolution No. 98, of the Seventy-first Congress, on the subject of taking the profit out of war.

I want it clearly understood that, in my opinion, the vast majority of the people of this country want to take the profit out of war. I want to take the

profit out of war; the farmers want to take the profit out of war; the people would like to see Congress pass a bill which would take the profit out of war; but, that is precisely what we refused to do. Why should we take the profit out of war? Mr. Baruch says, in this document:

This process (of inflation) intensifies as time elapses, with the following inevitable results:

I shall not read them all, but shall ask that they be placed in the RECORD. Let me read only No. 3:

Inflation enormously increases the cost of war and multiplies burdens on the backs of generations yet to come. The war debt of the Nation is necessarily incurred in terms of debased dollar values. In the inevitable post-war deflation the debt of course remains at the inflated figure. Thus the bonds that our Government sold in the World War for 50-cent dollars must be paid through the years by taxes levied in 100-cent dollars.

For example, our total war expenditure was \$39,000,000,000 incurred in terms of 1917, 1918, 1919, and 1920 dollars. In terms of the purchasing power of 1913 dollars it would have been only \$13,000,000,000, or in terms of 1930 dollars probably not more than \$15,000,000,000. Such a grotesque result would be almost unbelievable were the figures not living facts. If anything can be done to avoid this practical doubling of the economic burden of war certainly we should spare no effort to accomplish it.

That simple, straightforward statement by Bernard Baruch is one which is not open to refutation. If it were true that the cost of the World War might have been limited to \$15,000,000,000 instead of a sum somewhat in excess of \$39,000,000,000, as stated by Mr. Baruch—and it is true—then how much more true is it today that by intelligent and courageous action we can now keep down the cost of this war. The President has summoned Congress to expend \$56,000,000,000 for defense and attack, and Congress has applauded that request and is willing to grant it.

This morning the Appropriations Committee filed its report recommending an appropriation of \$12,000,000,000 or so for the construction of new airplanes. That expenditure should have been made before; but here we are making it. Such expenditures are the factors which bring about the need for a sane price-control bill, one which will affect all elements of our economy. These are the facts which clearly indicate that Congress should undertake to take the profit out of war.

How is that to be done? Skipping to another paragraph in Mr. Baruch's memorandum to Congress, he said:

To measure inflation of price and profit we must have some norm. The obvious norm is the whole price structure as it existed on some antecedent date near to the declaration of war on which the normal operation of the natural law of supply and demand can be said to have controlled price. That determined, we need a method of freezing the whole price structure at that level. The obvious way to do this is simple—by proclamation to decree that every price in the whole national pattern as of that determined date shall be the maximum that may thenceforth be charged for anything—rents, wages, interest rates, commissions, fees—in short, the price for every item and service in commerce.

Ah, Mr. President, there is the summons from the man who was the head of the War Industries Board. There is the finger pointing out the path down which we should walk in order to prevent any element of our economy, any element of our population, any farmer, any industrialist, any worker, any lawyer, any doctor, or any other person in our whole population from making any profit out of the war.

Mr. President, it seems to me that the lessons of the last 12 months should have been sufficient to convince us that we ought to be through with half measures. How can we hope by such means to win a total war which requires the cooperation of all our producing facilities as well as the cooperation of all our fighting facilities? If we are, indeed, to wage a total war in this modern war of economies, we must make such an undertaking the effort of every single factor in the economy. Does the bill do so? Does the bill undertake to control rents? Yes; in the defense areas, but nowhere else. Does it control wages? Not at all. Does it control interest rates? Not at all. Does it control commissions? It does not. Does it control fees? Certainly not. It controls only the prices of commodities. The great weight of our effort now and in the future will be directed toward the production of commodities to be used by the Government, and not commodities to be used by the people. So price control is to be exercised only upon the commodities used by the people; and, as the Senator from Oklahoma has just said, the bill, far from being an all-out price-control bill, as it should be, is only a consumer's bill, an industrialist's bill.

Mr. President, I ask that a longer extract from the memorandum submitted by Bernard Baruch to the Joint Congressional and Cabinet Commission be printed in the Record at this point.

There being no objection, the matter was ordered to be printed in the Record, as follows:

PREVENTING WAR INFLATION

The following sequence has attended every major conflict in history:

(1) Shortages of services and things develop rapidly.

(2) Competitive bidding among the procurement agencies of government and, in the last war, at least, other procurement agencies, and for the civil population send all prices into a rapidly ascending spiral.

(3) Expenses of government multiply. The abnormal need for money requires vast issues of certificates of governmental indebtedness. The inherent threat of destruction of government impairs national credit. The combination of all these things rapidly debases the exchange value of money thereby still further increasing the prices of things. The consequent destruction of buying power in the markets of the world begins almost immediately to impair the economic strength of the Nation in the conflict. This sapping of economic strength will, in future wars, be the determining cause of defeat. As Luddendorf has so bitterly complained, his military front remained impregnable long after what he called the home front had crumbled. Destruction of civil morale defeated Germany.

This process intensifies as time elapses with the following inevitable results:

(1) Destruction of domestic morale through a just and bitter resentment by soldiers, their families (and, indeed, by all persons of fixed income) at the spectacle of grotesquely exaggerated profits and income to those engaged in trade or in services for sale in competitive markets and the constantly increasing burden of bare existence to all those who are not so engaged. This is the greatest source of complaint of "unequal burdens." The present demands for "equalizing burdens" and "taking the profit out of war" both go back to this single phenomenon of war inflation. There is no more important problem to solve—whether we consider it purely as a means to maintain the solidarity and morale of our people or as the basis of our economic strength for war purposes, or to avoid war's aftermath of economic prostration, or on the broader grounds of humanity and even-handed justice.

(2) The inflationary process affords opportunity to individuals and corporations to reap profits so large as to raise the suggestion of complacency if not of actual hospitality toward the idea of war. That any human being could be persuaded, by prospect of personal gain, however magnificent, to invoke the horrors of modern war is almost unthinkable, nevertheless the certainty that war could never result in the enrichment of any man would give us all security and comfort.

(3) Inflation enormously increases the cost of war and multiplies burdens on the backs of generations yet to come. The war debt of the Nation is necessarily incurred in terms of debased dollar values. In the inevitable post-war deflation the debt of course remains at the inflated figure. Thus the bonds that our Government sold in the World War for 50-cent dollars must be paid through the years by taxes levied in 100-cent dollars. For example, our total war expenditure was \$39,000,000,000 incurred in terms of 1917, 1918, 1919, and 1920 dollars. In terms of the purchasing power of 1913 dollars it would have been only \$13,000,000,000, or in terms of 1930 dollars probably not more than \$15,000,000,000. Such a grotesque result would be almost unbelievable were the figures not living facts. If anything can be done to avoid this practical doubling of the economic burden of war certainly we should spare no effort to accomplish it.

To measure inflation of price and profit we must have some norm. The obvious norm is the whole price structure as it existed on some antecedent date near to the declaration of war on which the normal operation of the natural law of supply and demand can be said to have controlled price. That determined, we need a method of freezing the whole price structure at that level. The obvious way to do this is simple; by proclamation to decree that every price in the whole national pattern as of that determined date shall be the maximum that may thenceforth be charged for anything—rents, wages, interest rates, commissions, fees—in short, the price for every item and service in commerce.

Mr. O'MAHONEY. Mr. President, there is no better way to find out what is proposed to be done by any measure than by reading it. The first section of the conference report tells us what it is proposed to do:

SECTION 1. (a) It is hereby declared to be in the interest of the national defense and security and necessary to the effective prosecution of the present war, and the purposes of this act are, to stabilize prices and to prevent speculative, unwarranted, and abnormal increases in prices and rents; to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities caused by or contributing to the national emergency; to

assure that defense appropriations are not dissipated by excessive prices; to protect persons with relatively fixed and limited incomes, consumers, wage earners, investors, and persons dependent on life insurance, annuities, and pensions, from undue impairment of their standard of living; to prevent hardships to persons engaged in business, to schools, universities, and other institutions, and to the Federal, State, and local governments, which would result from abnormal increases in prices; to assist in securing adequate production of commodities and facilities; to prevent a post-emergency collapse of values; to stabilize agricultural prices in the manner provided in section 3; and to permit voluntary cooperation between the Government and producers, processors, and others to accomplish the aforesaid purposes.

Now listen to the next sentence:

It shall be the policy of those departments and agencies of the Government dealing with wages (including the Department of Labor and its various bureaus, the War Department, the Navy Department, the War Production Board, the National Labor Relations Board, the National Mediation Board, the National War Labor Board, and others heretofore or hereafter created), within the limits of their authority and jurisdiction, to work toward a stabilization of prices, fair and equitable wages, and cost of production.

Here is an injunction to the various wage boards to make sure that wages shall be fair and equitable; but no effort is made anywhere in the bill to provide any power, authority, or control over that factor. Yet when Senators vote to attach the prices of farm commodities to the wage scale, they are denounced as seeking to bring about inflation.

Obviously, Mr. President, we are dealing with a bill which does not cover the situation. Turn to the next sections of the bill. Section 2 deals with prices, rents, and market and renting practices. It has nothing to do with anything except commodities which enter into normal business life.

We all know perfectly well that when the money supply increases, when there is more money to spend there is a natural and inevitable rise of prices. With all the tremendous expenditures which are about to be made out of \$56,000,000,000 of appropriations, the money supply will be greater than it ever before was. Production of certain commodities will be cut down; so that the supply of such commodities is bound to be reduced, and there is brought into operation the normal law of supply and demand. We cut down the amount of commodities available; we increase the money that is in the market—and we have to increase it—and then propose a price-control bill which deals only with some of the factors and leaves the most important factors out of consideration wholly and completely.

One would judge from the discussions that have taken place in the newspapers and on the air in the last few days since this bill was passed that, somehow or other, the agricultural sections of the bill as they were passed by the Senate would have brought about an undesirable inflation. All these discussions utterly and completely overlook the essential fact that the most important factors in creating inflation are not touched by this bill; they are not touched by the section dealing with prices, rents, and market

and renting practices, and are not touched by section 3 dealing with agricultural commodities. The remainder of the bill is devoted only to prohibitions and voluntary agreements.

Let us consider agricultural prices for a moment. No one has denied that the total agricultural income, that is to say, the gross income received by farmers, all the farmers of the United States, last year was estimated to be only about eleven billion dollars. No one doubts that the entire national income for this year will probably be a hundred billion dollars or perhaps one hundred and ten billion dollars. In other words, the agricultural income is only one-tenth of the expected total national income; and yet we are asked to believe that this tail can wag the dog. The \$110,000,000,000 income is the factor that is going to cause inflation, and unless we take steps such as Mr. Baruch advised "to place a muzzle upon the dog where he bites," we are not going to prevent inflation, and the price-control bill will be nothing more than a gesture.

Mr. GILLETTE. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. Lucas in the chair). Does the Senator from Wyoming yield to the Senator from Iowa?

Mr. O'MAHONEY. I am glad to yield.

Mr. GILLETTE. I wonder, in connection with the point the able Senator is now discussing, if he will allow me to read very briefly from a statement made on the 26th day of November last by Mr. Louis H. Bean, counselor of the Bureau of Agricultural Economics. The statement is very brief, if the Senator will permit me to read it.

Mr. O'MAHONEY. I will be glad to have the Senator do so.

Mr. GILLETTE. Mr. Bean says:

After paying for a standard food budget, factory workers had available during the first 9 months of this year \$1,085 per worker on an annual basis. This was nearly \$200 or 22 percent greater than in 1940 and also that much greater than in 1929.

Mr. Bean further points out that the Nation, as a whole, during the first 9 months of 1941, was getting its food for one and a half billion dollars less than it would have paid if 1929 price relationships had prevailed.

Mr. O'MAHONEY. I thank the Senator.

I now wish to call attention to a paragraph taken from the recent Report to the Nation, issued or written by the Honorable Archibald MacLeish, Director of the Office of Facts and Figures. It was rather a curious coincidence that this document came into my hands the day the Senate passed the price-control bill. I took it to my hotel with me and opened it. It opened at the paragraph I shall quote. This is not the farm bloc talking; this is not the author of any farm amendment talking, this is Archibald MacLeish telling, in his Report to the Nation, about the conditions which he has found:

The Employment Service, too, is trying to place every available farm worker. With record crops in prospect, an acute shortage of agricultural labor threatens. Farmers on family-sized farms have been unable to pay wages high enough to compete with industry.

In that sentence is my whole argument, an argument furnished by the Office of Facts and Figures.

Hundreds of thousands of young farmers are going into the armed forces. To fight this shortage, farm families, women and children as well as men, will have to work longer and harder.

If we adopt the conference report we are seconding the statement of Mr. MacLeish, and we are sending a message to the farmer, "You must work longer and harder." The farmers will be willing to do it, but when Senators say if wages increase let farm prices increase in a modest ratio with the wage increase—one-fifth as much—then we must be condemned as inflationists.

I continue the quotation from Mr. MacLeish's report:

City youths probably will be organized to go out to the farms for seasonal jobs. A woman's "land army" may be recruited.

Mr. President, the purpose of those who supported the amendments offered in the Senate was merely to provide that in the normal operation of our economy the farmer should be able to get for his products a price which would enable him to keep pace with the increasing rate of wages. Not alone in industry is the wage rate increasing. The justification of what I say is recognized wherever this problem is studied. I have had occasion almost every day to read the daily newspaper PM, published in New York. That newspaper, in its report, at least of this debate, has not agreed with the position which I have taken upon this problem, and yet PM, in its issue of January 25, contains an article under the byline of Charlotte Adams, its expert upon food prices, from which I quote, as follows:

[From PM, New York, N. Y.]

SAYS CHARLOTTE ADAMS—OUTLOOK FOR FOOD PRICES IN 1942

The American Institute of Food Distribution, Inc., an agency maintained by industries manufacturing and distributing food, has issued a booklet for use by retailers and by salesmen for wholesale grocers called Outlook for Food Prices in 1942. Already, since it was issued on January 9, things have happened in Washington which may somewhat change the picture it presents, but its findings are of great interest to any consumer in attempting to see what's going to happen to this year's food budget.

FARM WAGES AND PRICES

When we entered the war, on December 7, prices being received by farmers for their crops were 36.4 percent higher than in November 1940. The United States Bureau of Agricultural Economics anticipated further advances in these prices of 10 to 15 percent in 1942. Wages paid by farmers for labor were up compared with November 1940. A report of the New York Agricultural Statistical Service states that on January 1 farm wages in this State were the highest since 1930, being up anywhere from 29 to 33 percent over last year's. These farm wage rates are, however, below the corresponding levels in 1925-27 by from 1 to 10 percent. (Industrial earnings, as measured by weekly earnings of New York factory workers, were about 19 percent higher than in 1925-27.) At the same time, the index of New York farm prices for December was 11 percent under the 1925-27 level. Wages of farm workers and industrial workers are, in other words, relatively higher than the price of farm products. This situation makes farm work less attractive than it might be to many workers.

ABUNDANCE OF FOOD

According to Outlook for Food Prices, in 1942 the United States of America has abundant food stocks to carry the country comfortably through the winter and well into the period of summer harvests. Present food stocks in the hands of the Government, importers, farmers, processors, wholesalers, retailers, and consumers are appreciably larger than normal, and this country has enough food to supply its own increased demands and to take care of British requirements until the harvests of 1942, the study says. We think that, as consumers, however, we should keep very much in mind the unfavorable situation of farm labor, plus the fact that farm labor may also be affected by drafting of men into the Army. The problem of food transportation added to this makes it likely that though we may be adequately fed for the next year we will not get the variety of foods to which we have been accustomed and we will almost surely pay increasingly higher prices for what we do get. Home growing and preserving of foods becomes increasingly more important as we view these possibilities.

MORE MONEY TO SPEND

The report predicts, and we think experience proves the speculation a sound one, that with the wage earners and farmers (three-quarters of the country's population) having more money to spend than in a long time, much more food will be bought, which will also tend to raise prices. This has already begun to work out in the last 6 to 8 months. Industrial pay rolls in October 1941 were 43 percent higher than in 1940. The tendency of most people is to expand their budgets first on food. Persons with incomes of \$3,000 a year or more, however, will have their buying curtailed because of drastically higher income taxes. This means that those who fall into that category will have to spend a greater proportion of income on food than usual and will at the same time have to cut down on some of the luxury foods they've been accustomed to having.

Is it necessary to read further? The evidence is clear. The demand for workers in industry takes them from the farm. Wages increase; the cost of production increases; but we are told that we must have a ceiling upon farm prices and that we must give no recognition to those elements which go into the creation of the farmer's costs. Then we are asked to accept a bill which does not undertake in any slight way whatever to deal with the tremendous profits of industry—profits which will cause conditions which ought to be brought under control if the cost of this war effort to the Government is to be curtailed.

Mr. RUSSELL. Mr. President—

The PRESIDING OFFICER (Mr. Lucas in the chair). Does the Senator from Wyoming yield to the Senator from Georgia?

Mr. O'MAHONEY. I yield to the Senator.

Mr. RUSSELL. I wonder if the Senator from Wyoming intends to place in the RECORD the per capita income of each person living on the farm as compared with the per capita income of those engaged in industry and the per capita income of all the people of the United States. Those figures are most interesting, and they certainly buttress the argument which the Senator is making.

Mr. O'MAHONEY. It had not been my intention to do that; but I have on my desk figures prepared by the Bureau of Agricultural Economics which compare

the per capita income of the farmer with the per capita income of persons off the farm. At the suggestion of the Senator from Georgia, I shall be very glad to ask unanimous consent that that table may be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit A.)

Mr. O'MAHONEY. I may make this comment with respect to the table: It will show that in 1910-14 the average per capita income of persons on the farm was \$135; that the average per capita income of persons not on the farm was \$487. Roughly, that relationship of 1 to 4 is the "parity of income" of which we hear so much talk. A glance at the central chart on the rear wall of the Senate Chamber will show how that disparity between the two classes of incomes has been steadily spreading, and the per capita income of persons not on the farm has been growing larger and larger, out of proportion to the per capita income of persons on the farm. The result of the enactment of this price-control bill will be to increase that disparity and to make it constantly more and more difficult for the farmer to produce the agricultural commodities which we need.

Mr. President, I feel that the situation was very lucidly described a week or so ago by a member of the Farm Bureau Federation who came down to Washington from Connecticut and who engaged in some discussion with me. He said:

The choice that is before us now with respect to agriculture is whether we shall have an abundance of food at reasonable prices, or a scarcity of food at low prices.

The result of the enactment of this price-control bill will be to give us a scarcity of food at low prices; and I venture to predict that from now on under this bill, if it shall become a law, we shall hear more and more of rationing cards, just as we hear of them now in regard to sugar.

The Senator from Michigan [Mr. BROWN], during his exposition of the conference report today, called attention to the fact that he and I and the late beloved Senator Adams, of Colorado, stood upon this floor last June and predicted that unless Congress agreed to our suggestion, made at that time, that any deficit in the amount of sugar that the Philippines could supply to the United States should be distributed to continental areas and to others, as provided in our bill, we should be confronted with a shortage. All the power of the Department of Agriculture and all the power of the Department of State were used to prevent the enactment of that measure. I stood here and pointed out the rising scale of shipping rates. I stood here and pointed out that the ships which were coming across the Atlantic at that time should be used for the transportation of rubber and of tin. I pointed out that unless that were done we should be facing a shortage of rubber and tin. The prophecy, unfortunately, has come true; and a million or more tons of sugar from the Philippines now cannot be received by us. So, because we did not encourage production as our farmers wanted to do, we are faced,

as the Senator from Michigan has said, with a greater shortage than we otherwise in all probability would have had.

So I stand here today feeling that I am again making a sorrowful prediction that unless we sensibly view this problem and enact a price-control bill that deals with every subject of prices, we shall not only not prevent inflation but we shall be in great danger of bringing about a shortage of agricultural commodities which the whole community will sadly need.

EXHIBIT A

(From Material Bearing on Parity Prices, presented by Howard R. Tolley, Chief of the Bureau of Agricultural Economics, at a hearing on parity prices and income for agriculture before a subcommittee of the Committee on Agriculture and Forestry, U. S. Senate, July 1941, p. 21.)

TABLE 4.—Income per farm, and income per person on farms and not on farms, 1910-40, United States

EXCLUDING GOVERNMENT PAYMENTS			
Year	Net income from agriculture per person on farms	Income per person not on farms	Percent of nonfarm
1910.....	\$139	\$482	28
1911.....	123	468	28
1912.....	135	483	28
1913.....	137	521	28
1914.....	141	482	28
1915.....	137	502	28
1916.....	157	579	27
1917.....	259	638	40
1918.....	305	670	46
1919.....	321	762	42
1920.....	266	875	30
1921.....	120	718	17
1922.....	154	715	22
1923.....	181	812	22
1924.....	182	788	23
1925.....	224	810	27
1926.....	217	856	27
1927.....	211	818	27
1928.....	223	828	27
1929.....	224	870	27
1930.....	172	760	27
1931.....	115	605	27
1932.....	75	442	27
1933.....	91	417	27
1934.....	99	487	27
1935.....	144	540	27
1936.....	165	626	27
1937.....	192	670	27
1938.....	154	625	27
1939.....	154	657	27
1940.....	161	700	27

INCLUDING GOVERNMENT PAYMENTS			
Year	Net income from agriculture per person on farms	Income per person not on farms	Percent of nonfarm
1933.....	95	417	27
1934.....	112	487	27
1935.....	160	540	27
1936.....	173	626	27
1937.....	202	670	27
1938.....	167	625	27
1939.....	177	657	27
1940.....	183	700	26

¹ Total, \$675; average, \$135.

² Total, \$2,436; average, \$487.

Source: Bureau of Agricultural Economics, U. S. Department of Agriculture.

Mr. RUSSELL. Mr. President, in line with the Senator's suggestion that farm income would have to go quite a long way before it could possibly result in any inflationary tendency, I should like to point out that in the year 1940 the farm population of the 10 principal cotton-producing States was 13,037,000 persons. Their total cash farm income was \$1,980,000,000, amounting to \$152 per person cash income in the 10 cotton-producing States.

For the same year, 1940, the figures I obtained from the Department of Commerce show that the average wage of all those engaged in industry was \$1,351 per person; yet this bill is presented here as a bill to prevent inflation by controlling the price of agricultural commodities, while not undertaking to do a thing on earth about industrial wages, which are already many times the average income of those on the farm.

One who knew nothing about the problem would have thought that the effort to eliminate the so-called O'Mahoney amendment, which tied agricultural prices to industrial wages, was a great move to prevent the dire results of inflation as well as to establish justice as between all the American people. From reading some of the editorials, one would have thought that to get a better distribution of ermine coats, and to keep them from all being monopolized by farmers' wives, in order that the owners of shipyards and others engaged in industry might be able to get ermine or mink coats for their wives, it was necessary to defeat the so-called farm amendments.

A study of the cold facts shows beyond any peradventure that the pending bill will regulate the prices, and control at a low level the income of the lowest income group of this Nation, while not undertaking in anywise to control industrial wages.

Mr. LA FOLLETTE. Mr. President, I do not care to take any of the time of the Senate on the pending conference report, but I ask unanimous consent that there may be inserted in the RECORD, as a part of my remarks, an editorial from The Progressive of Saturday, January 24, 1942, in relation to certain amendments to the price-control bill.

The PRESIDING OFFICER. Is there objection?

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Progressive of January 24, 1942]

BOB LA FOLLETTE SAYS SIMPLE FACTS JUSTIFY FARM PROVISIONS OF PRICE CONTROL

By a decisive margin, the Senate last week wrote into the price-control bill several provisions to protect the farmer. The provisions are entirely reasonable and fully justified. Contrary to numerous false reports and unfair interpretations which have been spread widely and irresponsibly by those who have an ax to grind or a smoke screen to lay, these amendments would only carry out the assurances given the farmers by the Secretary of Agriculture, in order to get increased food production in the so-called food-for-victory program.

Despite this ample justification, the Senate action was immediately pounced upon from several quarters. Some administration officials objected because the provisions did not conform with prearranged plans for one-man control. Some industrialists waxing fat on war profits welcomed the opportunity to divert attention from their profits and to brand someone else with greed.

Some of the nonfarm public, aware of continuous congressional efforts to aid agriculture, and not too well informed of the need for farm aid or of the economic status of the farmer, were willing to believe that the farm bloc received unreasonable concessions.

FACTS SPEAK FOR THEMSELVES

What has not received general attention are a few simple facts which speak for themselves:

1. The farm population constitutes about 23 percent of the total population, but in the last 10 years has secured only a 7-percent share of the national income.

2. The average net income from agriculture per person on the farm was \$183 in 1940, including all Government payments. The comparable figure for those not on farms was \$700.

3. Farm wage rates in 1940 average \$1.59 per day. Average daily earnings in manufacturing were well above \$4 per day.

4. Farm income in the last 10 years was in the aggregate almost \$20,000,000,000 short of "parity" income. The five "basic" commodities, which constitute roughly one-third of the value of farm marketings, averaged less than 75 percent of parity value, even when including the parity payments, during the years 1938, 1939, and 1940.

5. Preliminary estimates of increased income in 1941 are: Increase in cash farm income over 1939, 29 percent. Increase in net corporate profits, after taxes, 101 percent.

FARMERS BUCKED POVERTY FOR YEARS

These facts illustrate the serious disparity the farmer faces. He has bucked unfavorable economic factors over such a long period with so little success that some have begun to accept his depressed condition as normal. It is, however, unreasonable and unjust that the farmer be frozen in a poverty status such as he has experienced in the past years. Rather, he should be given every opportunity to attain a decent standard of living. Without it the family-sized farm as an American institution is doomed.

Other charges have been leveled to the effect that regardless of the comparative status or need of the farmer, effective price control cannot be exercised without complete and unlimited authority over farm prices. The argument might have greater weight if it were consistent. The prices farmers receive are in effect their wages; yet, industrial wage rates are not within the scope of the bill.

WHAT THE FARMER GETS

The inflationary potentialities of lush profits, which at best can be controlled only indirectly or partially by price fixing, are more dangerous at the present than farm prices. The increase in corporate net profits in 1941 over 1939 (60 percent of the dividends of which, on the basis of past experience, will go to 1 percent of the income recipients of the country) would actually be sufficient to buy the entire farm output of about 80 percent of the farms of the country.

It is unfair to accuse the farmer of gouging the consumer in his food bill. The farmer receives less than 50 percent of the consumer's food dollar—as low as 33 percent in past years. The rest goes to the processors and middlemen, who in general have fared much better than he.

There is little danger of inflationary tendencies arising from increased food costs, because nonfood living costs are still relatively higher than food costs, and food costs have lagged behind average increases in factory earnings.

The sponsors of the bill admit that there is no impelling reason to fix wage rates as long as wages can be reasonably adjusted within the cost structure of a commodity. By the same token it is equally true that farm prices and food costs can be reasonably adjusted without beginning an inflationary spiral when food costs lag behind earnings.

MILK COWS AND BATTLESHIPS

What is more, agriculture as an industry has certain characteristics which need special attention. Unlike other industries, agriculture cannot expand and contract production quickly. For example, it takes longer to raise

a milk cow than to build a battleship. The major agricultural problems of the past two decades can be traced directly to production expansion during the last World War. The Department of Agriculture has now undertaken a similar program which is fraught with the same dangers.

The wisest and safest policy for the farmers and the country in the long run is to give the Department of Agriculture the closely related powers to fix prices and to influence production. In that way the job can be done more efficiently and the people can truly hold the Department responsible for food costs and supply during the war and for the economic status of the farmer when peace comes.

Mr. CAPPER. Mr. President, I ask unanimous consent to have printed in the RECORD a telegram received by me from the Gove County Cooperative Association, one of the efficient agricultural organizations in western Kansas. This telegram urges Government protection for farm prices, and, in consideration of the higher wages and overtime payments obtained by labor, and also the shortage of labor on farms and the farm-production program made necessary by the emergency, it also urges that the floor level on wheat be not less than 120 percent of parity.

While I have the floor, Mr. President, I wish to say that I believe the Senate should face realities, and particularly realities in relation to agricultural production and prices, in considering the conference report on the price-control bill. The Senate placed the so-called O'Mahoney amendment in the measure, by a vote of 55 to 31, as I recall. It is my firm belief that the Senate should insist upon this amendment remaining in the measure, and I shall support such a position.

The bill itself is designed to put a brake on inflation; a price-control measure cannot stop the inflation. Inflation is certain when Government spending increases to 15 percent of the national income, then to 30 percent, and promises to go to 50 percent or more. This is being accompanied by hugely increased national income, in terms of dollars, at least, and by cuts in the things civilians can buy. The law of supply and demand will force greatly increased prices.

Greatly reduced supplies of manufactured goods and greatly increased purchasing power spell higher prices, and this situation can be met by heavier taxes, by loans taken from current income, and by price-control devices.

We should remember, however, that production of farm products is being increased, not decreased. Except as to a few commodities, the supply of foodstuffs is more plentiful than in preceding years. This means farm prices are relatively much lower than wage levels and finished-goods prices. So I say the Government not only is justified but, in the public interest, is obligated to take measures to insure farm prices more in keeping with the increased prices and wages received in other lines. So the Gove County Cooperative Association is justified in its position, as are the rest of us who are supporting the O'Mahoney amendment. I hope the conference report will not be approved.

I send to the desk the telegram and ask that it be printed as a part of my remarks at this point.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

GRAINFIELD, KANS., January 20, 1942.

Hon. ARTHUR CAPPER, Senator,

Washington, D. C.:

Farmers of Gove County feel there should be a floor placed under wheat prices of not less than 120 percent of parity with no ceiling. At present farm prices are not in line with present wage scales. 1918 to 1920 farm prices were 300 percent higher than present grain prices with a \$26,000,000,000 war debt 1920 against an estimated hundred billion dollar war debt now in the making. Farm labor prices will be much greater than last year and will no doubt be equal to 1917 to 1920. Average farmers cannot pay higher taxes, buy Government bonds and pay high farm labor wages on the present scale of farm prices. Every farmer feels that he should receive interest on his investment the same as other industries are asking. The farmer is not working an 8-hour day. His work is from daylight until dark and feels that he should also receive payment on the overtime basis for all over eight hours worked on the time and one-half basis the same as industrial workers are getting. Overproduction 1929 to 1934 was what crippled farm prices and was not due to inflationary conditions. Your cooperation in seeing that the farmers of Kansas secure prices in line with other industries and labor will be appreciated.

GOVE COUNTY COOPERATIVE ASSOCIATION.

Mr. CAPPER. Mr. President, I also ask unanimous consent to have printed a fine letter on the same subject from Mark W. Drehmer, secretary of the Topeka Chamber of Commerce, recognized as one of the influential members of the chamber of commerce group in Kansas. He recognizes that agriculture is the basic industry of the Middle West, and is strongly of the opinion that the price-control bill that was approved by the Senate carried a program that is vital to the future of our section of the country.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

TOPEKA CHAMBER OF COMMERCE,

Topeka, Kans., January 23, 1942.

Senator ARTHUR CAPPER,

Senate Office Building,

Washington, D. C.

DEAR SENATOR: Although I do not know all of the ins and outs of the price-control law, I am pretty firmly convinced that agriculture is still one of the basic and fundamental institutions of the State of Kansas, and if we are expected to do all of the things we have been asked to do, our farmers are going to have to have some consideration along the line. I do not believe they want unfair advantages but certainly it is the one way we can help to balance our economy in this country. While Mr. Henderson may be an estimable gentleman, I certainly doubt his ability to administer the affairs of the farmers of this country.

I know it is needless to tell you all of these things, but I do want you to know that it is my personal feeling that about all we will have left will be our farmers and their productive capacity. This, of course, is not true of some of the larger towns in the State and I do not write this as one who might have a narrow view as far as Topeka is concerned or Wichita or Kansas City, Kans. I am thinking about the State of Kansas and what all this centralization is going to do to us.

I do not own a farm and have no relatives now who are engaged in farming, but unless we can keep our farmers fairly prosperous we are going to decline very rapidly in certain sections of this State. I think this is one issue upon which the people of the State will unite and this does not come from farmers.

Yours truly,

MARK W. DREHMER,
Secretary.

Mr. GILLETTE. Mr. President, I have no disposition at all to delay action on the conference report. I merely have sought recognition for 3 or 4 minutes for the purpose of putting into the RECORD statements emanating from the head of the American Farm Bureau Federation.

I have received various letters indicating that the American Farm Bureau Federation is opposed to the O'Mahoney amendment, which attempted to tie farm income with wage increases. I shall take the privilege of reading very brief excerpts from a letter from Mr. O'Neal, head of the American Farm Bureau Federation, addressed to me under date of December 18:

The present price-control bill, which prohibits any control over inflationary wages, is unfair, discriminatory, and ineffectual. To be effective, such legislation must control inflationary wages as well as inflationary prices.

Neither the bill proposed by Mr. Henderson nor any other bill will serve this purpose. The defect of these bills is that they provide no control whatsoever over inflationary wages, which constitute the greatest single factor in the cost of commodities and services.

Such legislation is unfair, discriminatory, and ineffectual. It is unworthy of the supreme effort which now must be made to win the war. This is no time to play favorites. We want to see controls applied equitably to all groups—agriculture, labor, and industry.

Price-control legislation, to be effective, must provide for the control of inflationary wages as well as inflationary prices. * * * Such legislation should recognize the parity principle so as to provide at all times a fair balance between farm prices, industrial prices, and wages. * * *

We cannot give our support to any legislation to control prices which does not provide for control of inflationary wages comparable to the control of industrial and farm prices.

If you allow wage increases to go unchecked, you are as sure to have industrial prices follow each wage increase as day follows night.

Wages constitute the greatest single factor in the cost of commodities and services.

Legislation which will not control inflation but will merely hold down the prices and income of some groups and leave uncontrolled the greatest single factor in the cost of commodities, namely, wages, is unfair and will inevitably tend to create disunity.

Price-control legislation, without authority to control wages and inflationary wages, will fail to control inflation.

Just one other brief quotation. This is from the President of the United States in a letter addressed, under date of November 22, 1941, to the American Farm Bureau Federation meeting in national convention at Baltimore, I believe. I quote from the President:

It is heartening * * * to know that American farmers have produced and are producing abundantly. Farmers set a record in 1941. They are preparing to produce even more abundantly to meet the greater needs of

1942. * * * I am confident that the farmers will produce this food

I call attention to this quotation:

I am equally confident that the Nation will see to it that agriculture receives a fair return for its effort and also the protection necessary to prevent a repetition of the collapse that followed the last World War.

Mr. ELLENDER. Mr. President, I should like to have the attention of the Senator from Michigan [Mr. BROWN]. As I understand the bill as agreed to in conference, the possible price ceilings of farm commodities are determined by one of four methods, whichever is the higher, to wit: First, 110 percent of parity; second, the estimated October 1, 1941, farm price; third, the average farm price from 1919 to 1929; and fourth, the December 15, 1941, farm price. Am I correct?

Mr. BROWN. Yes.

Mr. ELLENDER. The Senator has placed in the RECORD in connection with his remarks a table which deals with the parity price of sugar beets and sugarcane per ton. I notice that according to this table the average price for sugar beets and sugarcane from 1909-14 was \$5.50 and \$3.73, respectively, and that 110 percent of parity, as of December 15, 1941, would make the price for sugar beets at \$8.71 and \$5.91 for sugarcane, per ton. The 10-year average price for sugar beets is \$8.34 per ton, and for sugarcane, \$5.93. Now, at the bottom of the table appears this notation:

The anticipated 1942 crop returns to growers will be as follows: For sugar beets, \$8.65 per ton, and sugarcane, \$5.35.

How does the Senator reconcile those figures with the ones I have just indicated? In other words, the highest price for sugarcane is to be found in the 10-year average method, which is \$5.93 per ton, and for sugar beets the highest price is found, according to the 110 percent of parity formula, which is \$8.71 per ton, whereas the notation to which I have referred would make it \$8.65 for sugar beets and \$5.35 for sugarcane.

Mr. BROWN. I am unable fully to comprehend that rather fine-spun distinction, and I should not want to change the general statement I made at the time I discussed the bill. Generally speaking, I understand that the proposed law is very clear, that whichever minimum for any agricultural product is the highest, whichever ceiling is the highest, is the one which will be chosen.

Mr. ELLENDER. In other words, if the 10-year average price of sugarcane is

the greater, then that will be the ceiling for that commodity, and likewise, if the 110 percent parity price for sugar beets is the greater, that will be the price ceiling for that commodity.

Mr. BROWN. That is my assumption.

Mr. ELLENDER. I thank the Senator and I feel certain that is the understanding of every Senator here present. Mr. President, I ask leave to have printed in the RECORD at this point in connection with my remarks a letter addressed to me by F. L. Thomsen, acting head of the Division of Statistical and Historical Research, Department of Agriculture, dated January 23, 1942, together with an attached table.

There being no objection, the letter referred to was ordered to be printed in the RECORD, as follows:

JANUARY 23, 1942.

HON. ALLEN J. ELLENDER,
United States Senate.

DEAR SENATOR ELLENDER: This will confirm the prices given you over the telephone today by Mr. Randall:

Cottonseed oil—crude, f. o. b. southeastern mills: October 1, 12.62 cents per pound; December 12, 12.50 cents per pound; January 22, 12.62 cents per pound.

Cotton—Parity December 15 on the basis of United States average price received by farmers for all types and grades of cotton sold, 17.83 cents per pound.

Cotton—Average price of fifteen-sixteenths inch Middling at the 10 spot markets, October 1, 17.11 cents per pound; December 15, 17.19 cents per pound; January 22, 19.43 cents per pound.

Rice, rough—Parity December 15 on the basis of United States average price received by farmers, \$1.71 per bushel, which is the equivalent of \$4.21 for a barrel of 162 pounds.

Rice—Fancy Blue Rose at New Orleans: September 29, \$4.15 per hundred pounds; December 15, \$6.15 per hundred pounds; January 19, \$6.65 per hundred pounds.

I am also enclosing the table I mentioned. You will note that the October 1 and December 15 prices in the table are farm prices. According to the CONGRESSIONAL RECORD, the conference report specifies market prices on October 1 and December 15. Since there are such a large number of market prices for the various commodities, we have included the farm price on the assumption that if ceilings were placed on the market prices at the levels of October 1 or December 15, prices to farmers would be equal to those indicated in the table, providing there was no change in the margin between the farm prices and the market prices for the various grades and markets.

Yours very truly,

F. L. THOMSEN,
Acting Head, Division of Statistical
and Historical Research.

[Enclosure.]

Possible price ceilings

Commodity	Unit	110 percent of Dec. 15, 1941, parity price	Estimated Oct. 1, 1941, farm price ¹	Average farm price, 1919-29 ¹	Dec. 15, 1941, farm price
		Dollars	Dollars	Dollars	Dollars
Cotton.....	Pound.....	0.1965	0.1704	0.2147	0.1623
Cottonseed.....	Ton.....	35.72	50.36	37.20	44.65
Wheat.....	Bushel.....	1.400	.934	1.325	1.022
Coru.....	Bushel.....	1.016	.678	.889	.669
Oats.....	Bushel.....	.632	.394	.474	.452
Barley.....	Bushel.....	.980	.504	.693	.561
Rye.....	Bushel.....	1.141	.543	.947	.578
Rice (rough).....	Bushel.....	1.288	.929	1.270	1.439
Flaxseed.....	Bushel.....	2.67	1.74	2.34	1.78
Beans, dry edible.....	Hundredweight.....	5.34	4.31	5.77	4.93

See footnotes at end of table.

Possible price ceilings—Continued

Commodity	Unit	110 percent of Dec. 15, 1941, parity price	Estimated Oct. 1, 1941, farm price ¹	Average farm price, 1919-29 ²	Dec. 15, 1941, farm price
		Dollars	Dollars	Dollars	Dollars
Potatoes.....	Bushel.....	1.114	0.658	1.245	0.827
Sweet potatoes.....	Bushel.....	1.390	.902	1.344	.866
Hay, all.....	Ton.....	18.80	8.14	13.53	9.43
Peanuts.....	Pound.....	.0769	.0440	.0580	.0479
Apples.....	Bushel.....	1.52	.86	1.46	1.09
Hogs.....	Hundredweight.....	11.44	10.69	9.77	10.21
Beef cattle.....	Hundredweight.....	8.25	9.27	7.18	9.38
Veal calves.....	Hundredweight.....	10.69	11.20	9.65	11.22
Lambs.....	Hundredweight.....	9.30	9.75	11.12	9.86
Butter.....	Pound.....	.404	.330	.428	.339
Butterfat.....	Pound.....	.455	.370	.440	.360
Milk, wholesale.....	Hundredweight.....	2.53	2.48	2.53	2.66
Milk, retail.....	Quart.....	.108	.111	.113	.114
Chickens, live.....	Pound.....	.180	.162	.211	.158
Turkeys, live.....	Pound.....	.228	.182	.288	.209
Eggs.....	Dozen.....	.422	.310	.332	.341
Wool.....	Pound.....	.290	.363	.341	.371

¹ Average of prices received by farmers on Sept. 15 and Oct. 15.² Average of monthly prices received by farmers, July 1919 to June 1929.³ Adjusted for seasonal variation.⁴ 110 percent of parity and average farm price 1919-29 are equal.

Mr. BARKLEY. Mr. President, I would not consume any time at all of the Senate in discussing the conference report were it not for the fact that I had some part in shaping the proposed legislation from the beginning, and was a member of the conference representing the Senate in an effort to adjust the difference between the two Houses. I would not do so even then if it were not for the fact that one or two misapprehensions seem to have been spread abroad in the land with reference to the effect of the bill, and its adequacy or inadequacy as a price-control measure.

Mr. President, from the very beginning, before the bill was introduced on the 1st of August by the Senator from Virginia [Mr. GLASS], who was then acting chairman of the Committee on Banking and Currency, and in the House by Representative STEAGALL, chairman of the House Committee on Banking and Currency, there were certain objectives sought to be accomplished by the proposed legislation. Those objectives had in view prices and the effect of prices not only on the way up but on the way down as a result of World War No. 1.

I think anyone who had any hand in framing the proposed legislation—and it was the result of many conferences of many interests prior to its introduction—had in mind the objective of preventing so far as humanly possible the inordinate increase in prices due to war to such a point that the excessive and precipitous decrease following war might be prevented. We all recall that following the last war all sorts of prices spiraled to the skies. I do not mean simply farm prices, though I think the result to the owners of farms was more disastrous than to any other class in the United States. In my own section of the country—and I know the statement is applicable to all localities in the United States—men who had all their lives been content to operate and to live on a reasonably small farm became ambitious, due to the rise of farm prices. Many of them believed that probably never again would there be low prices for farm products, for when we are on the way up in an era of prosperity, or so-called pros-

perity, we become enthusiastic and optimistic, we see a sort of mirage on the horizon and are soon convinced that the reaction will never occur. Many a farmer, thousands of them, if not millions, certainly hundreds of thousands of farmers in this country who had been content most of their lives to live on and cultivate a reasonably small farm, decided that the price of farm products justified the ownership of a larger farm. They either turned in the small farm as a first payment on a larger one, or sold the smaller one at inflationary prices and bought a larger one, and used, as a first payment, the sum which they thus obtained, and when finally the crash came these farmers found they not only had lost the small farm on which they had lived most of their lives, but they had lost both the small one and the large one.

That is what Secretary Wickard had in mind when, in testifying before the House committee, he endorsed the bill which was then pending before the committee, because he said he recalled with tragic memory what happened to the farmers of the United States as a result of World War No. 1.

When the bill was introduced by the Senator from Virginia [Mr. GLASS] and by Representative STEAGALL of the House, it undertook to recognize the agricultural situation. It did not deal with wages. There has been, I think, a considerable amount of honest misunderstanding among people generally and among newspapermen, who have criticized Congress for giving special treatment to the farmer in the form of a minimum below which the Price Administrator could not go, on the one hand, and an exemption of wages from the terms of the bill, on the other. I desire briefly, if I can, to clear up what seems to be a misapprehension with respect to these two matters.

The bill as introduced in the two Houses did not deal with wages, and during all the hearings in the House committee there was no substantial testimony urging the inclusion of wages to be controlled by the Price Administrator. In the committee the matter was not seriously considered; on the floor of the House it was not seriously considered;

and as the bill came to the Senate it had no provision in it dealing with wages.

In our hearings before the Senate committee no one appeared to urge that wages be included. One of the most prominent witnesses who appeared before the committee, the former President of the United States, Herbert Hoover, who cannot, I presume, be described as a special pleader for the workingman or for labor, was emphatic in his statement that it would be utterly impracticable from his own experience as Food Administrator under the Wilson administration to try to control wages by a price administrator.

Mr. President, I now want, if I can, in just a moment, to show what would have been the result of giving the Price Administrator the authority to fix maximum wages in the United States. When we speak of maximum wages we must speak of all wages, because all wages go into the ultimate cost of every article we buy. We may call them wages or salaries, but the term takes in the clerk behind the counter who sells us our clothes, or shirts, or socks; it takes in the grocery clerk who sells us our food; it includes the dairy worker, the man who milks the cow, or the man who produces the butter. It includes the wages of men on our railroad system, for the cost of wages on railroads is a part of the ultimate price paid by the consumers for every article they buy. It would include the wages of every miner who goes into a bed of ore to produce iron, or tin, or aluminum, or any other mineral that goes into the things we buy. It would include the wages of the man on the farm who works by the day.

The provision to allow a price administrator to fix a ceiling on wages would have to apply to all wages, and to everybody in the United States who is paid wages or a salary. The difference between wages and salary is only euphemistic. Wisely or unwisely, we have set up in this country machinery, under Government supervision, by which wages are determined when there is any disagreement between employer and employee with respect to the wages of any group of employees in the United States.

In 1926 we set up the Railroad Labor Board, a board of mediation and conciliation. I had something to do with that legislation, because, as it was first introduced, it was known as the Howell-Barkley bill, fathered in the Senate by former Senator Howell of Nebraska, and introduced in the House by me. That act has been in operation ever since 1926. Although there have been one or two threatened strikes in our railroad transportation system, there has not been a strike of any consequence on our railroads since 1926. I think that result is very largely due to the fact that both the railroads and their employees accepted the law as a fair means of settling disputes. It has been amended once or twice—once under the guidance of the Senator from Montana [Mr. WHEELER], chairman of the committee which handles such legislation. There has not been an important railroad strike in the United States since that law was enacted, and it has been discussed as a model for

other industries to adopt in the settlement of disputes.

Recently an agreement was entered into between the railroads and the employees, under the law which we enacted in 1926, for mediation and arbitration. Under that agreement the employers and employees agreed on a scale of wages applicable to the transportation employees of the United States. I ask Members of the Senate, and I ask anyone in the United States, in all reason and fairness, what situation would be created in the minds of 1,000,000 employees in our transportation system if Congress, in a price-control bill, should give the Administrator the power to fix their wages, after they had agreed, under the law, and by the methods set up by Congress, on a scale of wages? How much uncertainty and dissatisfaction would be created in the minds of those men, who are the most conservative group of laboring people in the entire United States?

Much of the agitation for a wage provision in this bill grew out of the coal situation; but that was finally settled by arbitration and agreement. The agreement, which was entered into as the result of arbitration, relates not only to the captive mines, which involve only about 52,000 employees, but to the 400,000 or 500,000 employees in all mines. That agreement will not expire until the spring of 1943. So, for that period we shall have stability in the entire coal industry under agreements signed by both parties.

How much uncertainty and disturbance would be brought into that situation if Congress in this legislation should give the Price Administrator the power to fix a ceiling on wages, and if he should fix a ceiling, which he might think was fair under all the circumstances, below the wages already agreed upon? Such a situation would go a long way to disturb the labor and industrial peace we might otherwise enjoy, in order that a wage ceiling might be included within the powers given to an administrator of prices.

The same situation applies all over the country. The agreements in one form or another which have been entered into voluntarily have been entered into under the law through arbitration and negotiation. So it would be not only impracticable, as Mr. Hoover stated, but unwise from the standpoint of industry, labor, and the peace and accord which now exist in industry between employer and employee, for us to give to one man the power to interfere with agreements, if he should see fit to do so, or if he should think that the agreements entered into were not such as he would have justified if he himself had had the fixing of the wages.

So it seems to me that the position of both Houses in not attempting to include any power on the part of the Price Administrator to fix wages, and practically the unanimous verdict of all the witnesses who came before the two committees on this subject, have been justified. In my opinion, we are bound to assume that the wages which have been agreed to through governmental processes and

by the superimposition upon the entire labor structure of the authority of the Government in some way—at least morally, if not absolutely legally—have been established in all fairness, and that wages will continue to be established in all fairness so long as the intention of both parties and the Government to try to arrive at fair wages is carried out. Those wages, when arrived at, ought not to be interfered with or disturbed by one man who has the power to fix prices of articles which go into consumption by the American people.

So much for that. I have before me an editorial or two from recent issues of newspapers. One is from the New York Times of last Saturday. I have the greatest respect and admiration for the New York Times. I read it daily; and I think it is one of the greatest newspapers not only in America but in the world. I have long been an admirer of the New York Times; and yet it has a full column editorial in last Saturday's issue entitled "Travesty of Price Control." The editorial castigates the bill because of what it contains and what it does not contain. I pay to the New York Times the tribute of believing that it is perfectly sincere and honest with respect to that matter; but, insofar as it or any other newspaper, or any person, might complain against the bill because it does not include wages, I respectfully ask consideration of all that has occurred with respect to wages, to which I have only briefly alluded, and also the utter impossibility of any one man, no matter how wise, able far-sighted, and fair he may be, attempting to fix all the wages which are received by 40,000,000 people who work for wages in the United States.

With respect to the farm situation, the Senator from Michigan [Mr. Brown] has explained what happened in the conference, and the result as it affects agriculture. What has happened to agriculture has not been the result of something which has been thrown in on the floor of the House or the Senate. When the bill was in process of formation, weeks before it was introduced, it contained a provision which limited the power of the Administrator with respect to agricultural prices. That limitation was solid and sound, because from 1933, in both Houses of Congress and in the administration, without regard to politics, we have endeavored to set a goal for agriculture. We call that goal parity.

Parity did not then, and does not now, represent a static figure for any commodity grown on the farms of the United States. Parity is a sort of symbol. It represents a relationship between the income of the farmer and his outgo, measured by the prices which existed between 1909 and 1914, which was a period largely selected by the farmers themselves as the fairest and most representative 5-year period in recent American history upon which to base what they call parity.

Parity does not mean that the prices which prevailed for farm products between 1909 and 1914 should prevail now under the agricultural adjustment program, but that the relationship between the prices received by the farmer and the cost of things he must buy should be

maintained as nearly as possible to the relation which existed between 1909 and 1914. That means that as the cost to the farmers went up for what they had to buy—their clothing, farm implements, automobiles, wagons, buggies, and furniture—the prices of farm products should also go up, under a plan of adjustment by the Secretary of Agriculture, so as to maintain perpetually, as nearly as possible, the relationship which existed during the 5-year period from 1909 to 1914, between the purchasing power of the farmer and his necessities.

I think I have fairly stated the objective which was in the mind of Congress and of agriculture itself in fixing the period from 1909 to 1914 as a measuring rod for maintaining the relationship between the farmer's income and his outgo.

When the price-control bill was first talked about, everyone recognizing that what we had been trying to do for agriculture as a peace measure should be recognized in the bill, the first figure which was placed as a floor below which the Price Administrator could not go was 85 percent of parity, because that had been agreed upon as the loan value. That was the percentage of parity which the farmer could obtain as a loan upon his basic products. The more the subject was discussed, the more clearly it was recognized that 85 percent of parity would not be fair in a war economy, because 100 percent of parity was our peacetime objective, and, therefore, if by implication we said that the Price Administrator could fix the price of a farm product as low as 85 percent of parity, we were not really carrying out the peacetime objective of Congress in writing the Agricultural Adjustment Act, which was 100 percent of parity. When we moved up from 85 percent to 100 percent of parity, we recognized further that as time had gone on since the beginning of war in September 1939 other prices had gone up, and therefore in this war economy the increase in the price of the things which the farmer had to buy had been sufficiently extensive to make even 100 percent of parity unfair as a wartime floor, in view of the peacetime objective of 100 percent.

So when the Senator from Virginia introduced his bill on the first day of August 1941 the agricultural provisions provided a floor of a minimum of 110 percent, and they also provided, I think, that July 29, 1941, should be the date as of which prices should be fixed. So as time has gone on since the introduction of the bill there has been no change in the provision of 110 percent of parity, a percentage which is not unfair, and which is not out of line with other prices, in view of the fact that as a result of the war the commodities the farmer is required to buy have gone up more than 10 percent, so when we add 10 percent to the parity of the farmer's purchasing power we are doing no more than keeping his purchasing power in line with the increase in price of other products as a result of the war.

There has been no serious difference, I think, among members of the committee in the opinion that the 110-percent figure represents approximately preservation of

the relationship existing between the present purchasing power of the farmer, as based on the prices of commodities he must buy, and his purchasing power in the base period of 1909-14. In some instances, as to individual commodities, there may be a difference between the price based on 110 percent of parity and the price which existed on October 1, 1941, or December 15, 1941. In individual cases there may be a difference between prices based on the two formulas; and, in accordance with the formula contained in the O'Mahoney amendment, which was eliminated from the bill, certain commodities probably would have been lower in price than they would have been under the 110-percent formula or the October 1 or December 15 formula; because there cannot always be a similarity of rise or fall in the prices of thousands of products which are produced on the farm or in the industrial enterprises of the United States. When, however, we consider the increase in other costs—which, of course, takes into consideration the increase in the cost of labor—even our formula of parity as written in the Agricultural Adjustment Act automatically hooks up wages with farm prices, because the Secretary of Agriculture is required periodically to adjust parity according to the purchasing power of the farmer based upon the increase in price of commodities other than those which he produces and sells. So if, by reason of increases in wages, there is an increase in the price of farm machinery, clothing, linens, or any other article of consumption which is bought by the farmers, which throws out of line the relationship between the farmer's present purchasing power and his purchasing power in the period 1909-14, it is the duty of the Secretary of Agriculture to readjust the parity in order to preserve the relationship. So, even without the O'Mahoney amendment, the formula of the conference report and the formula of the law as it has been since 1933, and especially since 1935, automatically require that the question of wages and cost of production shall be taken into consideration in determining, from time to time, what is parity for farm prices.

Therefore, in view of the situation to which I have only briefly alluded, and which could be gone into in much greater detail, I think the committee of conference has brought in a fair and reasonable bill. It may not satisfy everyone. It does not satisfy me, although I should not guarantee that if I myself were commissioned to write a bill I could write as good a one; and I doubt if any other Senator would assume that if he were commissioned to write one he could write as good a bill, and certainly not one any better. I think we have written the best bill we could write under the circumstances.

There has been complaint because of delay in completing this legislation. However, I believe we now have a better bill than we could have obtained in September or October, because we have given greater study to it. We have found out many things we did not know in September and October. We have been compelled to adjust the bill according to the

rise of prices since August, when the bill was introduced. We have been compelled to adjust the bill first according to July 29 prices, then according to October prices, and then according to December prices. Certainly, for the farmer, we now have a better bill than we would have had if we had written it in September. June 29 is the date upon which we should have had to consider farm prices. So, although the delay has been exasperating and annoying, I think on the whole, in view of the conditions, it has produced a better bill than any which could have been written in the summertime or in the early autumn.

So, Mr. President, I feel that those who criticize the bill because it does not include labor have not thought through the entire problem. They have not recognized the difficulties encountered in trying to give 1 man power to fix the wages of 40,000,000 men who work in the United States; and I think those who complain because we have failed to give the farmer a recognition of what we did in peacetime also fail to comprehend the relationship which exists between agriculture as the one indispensable and fundamental occupation of mankind and those who depend upon the farmer to produce the raw materials which can be made into finished products.

Now, Mr. President, I desire only briefly to comment on an article referring to a speech made the other day by Mr. Leon Henderson. I do not comment on the article in any spirit of criticism. I think, if Mr. Henderson said what he is quoted as having said, it was an unfortunate speech.

I read a paragraph or two:

Congress approaches the fourth week of its session tomorrow with action still uncompleted on its biggest current problem, a price-control bill. The conference agreement on the differing Senate and House versions is scheduled to come up in the House tomorrow, after having been put over from Friday. * * *

When it is brought up Members will have in their minds, no doubt, the statement made yesterday before the General Federation of Women's Clubs by Leon Henderson, the Price Administrator, to the general effect that the bill in its final form was practically worthless as a price-control device.

I do not know whether Mr. Henderson said that. I hope he did not. He was quoted as having said that the bill was inadequate, and that it would be ineffective for the purpose of controlling inflation.

I think we may all assume that in any war of world-wide proportions, no matter what we do in the way of legislation, it will be impossible to control everything in the way of price. The law of supply and demand will have some effect upon prices. There never has been a great war in history which did not result in inflation of some kind; and I have no doubt that there will be some inflation in spite of this bill and in spite of any bill we might pass. I believe I am well within the truth, however, when I say that, compared to any control of prices in World War No. 1, this is a swell piece of legislation. We have given to Mr. Henderson practically everything asked in the original bill. We have provided for

a one-man price administrator. As originally introduced, the bill did not provide for a price administrator. It conferred upon the President power to regulate prices. The provision for a price administrator was subsequently worked out.

The House passed the bill with provision for a board composed of five men, to be appointed by the President. I objected to that provision because the board might turn into a debating society, and, at any time, if prices were fixed on some commodity by a vote of 3 to 2, and those who were in the minority desired to do so, they might go out before the public and create dissension and dissatisfaction because there had not been a unanimous vote to fix the price on the commodity in question.

We have restored the Senate provision for a one-man price administrator, with a sort of special court of appeals taken from the Federal bench by designation of the Chief Justice of the United States. Certainly the Price Administrator cannot complain that we have not given adequate power in that respect.

The House eliminated from the bill the provision for licensing. It was Mr. Henderson's contention from the very beginning, and it was our conviction, that without a licensing provision in the bill the enforcement of it would be delayed and handicapped, because it would be necessary to go into a Federal court and indict somebody for violating the law or the regulations made under it, and it might result in cluttering up our courts with cases in which persons would take a chance on violation, and probably take a chance on delaying a trial until the war was over and the law became inoperative. So we felt that in order to enforce the law and carry with it the power of enforcement, we ought to confer power to license those engaging in business whose prices were to be fixed or controlled. So we have restored the provision for licensing, as the Price Administrator desired that it should be restored.

The House substantially eliminated the provision authorizing the Price Administrator to buy and sell commodities in order that he might either stimulate production or control prices. We have restored that provision practically as desired.

I realize that the Bankhead amendment sought to and does divide the authority of the Price Administrator with respect to fixing the price of farm commodities. I opposed that amendment in the Senate, as everybody knows. As a Senate conferee, I carried out my instructions and the obligation that goes with membership on a conference committee to stand by the bill that the Senate passed, as long as possible. We recognized, however, that we had to proceed on a give-and-take basis, and we found that a majority of the Members of the House were favorably inclined toward the Bankhead amendment, so we have included it in the bill. I am not uneasy about the Bankhead amendment on the ground that the farmer may receive too high a price for what he may produce.

I think it is bad legislation to give power to a man who is an appointee of

the President, and then give to somebody else power to say, "The power we have given you cannot be exercised without the consent of the second party." As a matter of practical fact, however, we know that unless Mr. Henderson—if he is to be the Price Administrator—and the Secretary of Agriculture get together and agree on farm prices, the result will be that they will both go hot-footing it up to the White House and lay the matter before the President, and in the final analysis the President will settle the matter. I imagine, too, that in order that the President may be relieved of the burden of having these controversies placed before him, he will give definite instructions to the Price Administrator and the Secretary of Agriculture to try to work out these matters by agreement, and not present a divided opinion before the American people regarding the price of some agricultural product about which one or both of them may have intimate knowledge. So my objection to that amendment is more on account of the division of authority than on account of any fear on my part that the two officials working together, both of them being subject to the President, will bring about any rise in the price of agricultural products that will be out of line with other prices in the United States.

So, Mr. President, I believe that Mr. Henderson was not justified if he said this bill was worthless; or, if he said it was inadequate and insufficient to control inflation, I do not believe he was justified in making that statement. I have not seen whether he repudiated it or reiterated his opinion with respect to that matter, but I have so high a regard for the ability and the integrity and the good faith of Mr. Leon Henderson, if he is appointed Price Administrator, as to believe and to say that if he will do as good a job under this law as he has done without any law, he will bring about effective control of prices in the United States. I believe he will do it.

For these reasons, Mr. President, I hope the conference report will be agreed to.

The House has adopted the conference report by more than a vote of 2 to 1 on a roll call. I have no hope that if we were to repudiate the work of the conferees and defeat the conference report today, we could get any better bill than the one we now present to the Senate. We might get a worse one. Nobody knows what the result would be. We know that the law, after it is passed, may be amended. We have frequently changed our laws as a result of experience. If any part of this measure turns out to be unwise, we may amend it at any time that experience demonstrates that fact.

I believe the conference report is wise in the main. I do not believe we would be justified in bringing about any further delay in the adoption of this program. It is as much a part of the defense set-up as is any other law we have passed, not only since war was declared but since war was precipitated in September 1939. With all its imperfections, which I frankly admit, and with the possibility of its being worked out in wise

administration, I believe the conference report ought to be adopted.

We have sometimes been told, and we know it is true, that even a bad law, if well administered, may turn out to be wise. Even a good law, if badly administered, may turn out to be unwise. We shall have to be governed by the light of our experience as we go along on the highway toward the effective administration of this statute to control prices and to control inflation and to keep these things somewhat in line with the balance of our war economy. However undesirable, it is necessary in the situation which now faces us.

Mr. CLARK of Missouri. Mr. President, it had not been my intention to detain the Senate at this late hour on this subject, but the speech of the able and distinguished majority leader in explanation of his intention to vote for the conference report seems to me to make it necessary, from the standpoint of my own self-respect, to briefly explain to the Senate why I intend to vote for the conference report, as the Senator from Kentucky intends to vote for it. The reasons which actuate me are by no means the reasons which have been set forth by the distinguished majority leader, and in voting for the adoption of the conference report I am unwilling to rest under the assumption that I am influenced by the same considerations which have been advanced by the distinguished Senator from Kentucky.

I intend to vote for the conference report, but not because I think this is a good bill. I think it is a bad bill; I think it is an improvident bill; I think it is an incomplete bill. I think it is a bill which is so incomplete that it will almost immediately demonstrate the necessity, the imperative necessity, for its amendment.

I intended to vote for the conference report because I believe it is the best that can be done at this particular moment, and I believe that Congress has already dawdled in the passage of this very important measure altogether too long. I should rather vote for a bill—incomplete as this bill is, imperfect as it is, certain as I believe it to be that it will prove inadequate—which enables the Price Administrator at least to set up his machinery under some legal authorization, at least under some semblance of law, than to send the bill back to conference and start it back through the legislative mill of consideration by the two Houses, and compel the Price Administrator, or whatever other authority the President might designate, to continue to operate under no authority of law whatever.

Mr. President, in what I say about the bill I should like to have it distinctly understood that I am in no sense reflecting on the purposes, the ability, the diligence, and the perseverance of the Senators who have represented this body on the conference committee, and the Members of the House of Representatives who have represented the body at the other end of the Capitol. I think they have done a remarkably good job, in the circumstances in which they were placed. I think the conference report represents a better bill than the bill as it was passed

by the House or the bill as it passed the Senate.

When the bill was before the Senate on final passage I stated that my only reason for voting for it was the fact that I believed the conferees might improve it; and I believe they have done so. But when that is said it is only fair to state also that the whole history of this legislation does not cast great credit upon the Congress of the United States, and does not redound to the credit of our democratic processes. For more than a year, certainly for many months, after the enormous expenditures in the defense effort of the United States began to take form, it has been known by all thoughtful men and women that some price-control bill would be necessary if the worst menaces of inflation were to be avoided. More than 6 months ago the President of the United States, after vainly trying to handle this matter by a more or less voluntary nonlegal system, recommended to the Congress that a definite price control set-up be provided. More than 6 months have elapsed since that recommendation of the President before even this lame, halting, incomplete bill came on for consideration.

It seems to me to be so plain as to be undeniable that the only possible way by which inflation can be controlled or curbed is by an over-all control, a control which would take into consideration all the various elements going into our economic and price structure; and when I say that, I include wages, commodity prices, industrial prices, rent—all the other elements which go to make up prices.

Congress has shirked its responsibility in refusing to face this necessity. After 6 months' consideration in the two Houses we have a bill which does not include rents at all, or only to the most minor extent, which does not include wages, which includes agriculture with a divided and restricted control, and which includes industrial prices to a very dubious extent.

There has been a great deal of criticism of the so-called farm lobby, a great deal of criticism of the farmers of the United States because they have undertaken to protect themselves in this matter. Let me say that all the farm representatives whom I have seen or with whom I have had correspondence—and that includes not only the representatives of the great farm organizations, some of whom I have seen, but a great many ordinary, practical farmers, not farm leaders, but farmers, from my own State and from other States—have almost without exception taken the position that they were perfectly willing to have agricultural commodity prices subjected to control, provided the other elements, including organized labor, including rents, including industrial entrepreneurs, were subjected to the same over-all control.

I do not think the farmers have asked for anything unreasonable, at least the ones with whom I have been in correspondence, because it should be remembered that the farmer himself is a laborer, just as much as is the man who

works at a bench or at a lathe or anywhere else, the only difference being that that his wages are expressed in terms of commodity prices instead of cents or dollars per hour. I repeat I do not think the farmer has asked anything unreasonable.

I do say, Mr. President, that, in my opinion, the only merit which can possibly flow from the bill is in enabling the Price Administrator, whether he be Mr. Henderson or someone else, to set up some machinery to try this matter out, and to demonstrate to the country, as I believe it will be speedily demonstrated, that it will not work, except on a basis of over-all control. I think that sooner or later—and heaven knows how much the penalty may be to the people of the United States by reason of the delay—the Congress will have to face its responsibility of saying that we shall start out, not with piecemeal regulation, not regulation of one industry at a time, not regulation of one commodity price at a time, but start out by having the courage and the industry to set up a parity for agricultural commodities, for wages, including agricultural wages, for rents, and for every other economic interest which goes into our whole structure, and then by giving the Price Administrator the authority to take into consideration unusual circumstances in any particular industry, and make an exception to whatever extent may be necessary.

I shall, therefore, vote for the conference report, not because I believe, with the majority leader, that is a good bill, but because I believe more harm would be done through delay in setting up the legal machinery for price control than will be done through the inequalities of the bill which we are about to enact. But I predict now that it will be necessary to come back in the very near future and undo the work which we have been doing for the last 6 months, and in which we have been dawdling along, while the inflationary curve has been rising constantly, and we have been failing to look the situation in the face and impose over-all control.

Mr. THOMAS of Idaho. Mr. President, it is not my intention to delay the vote on the conference report, but inasmuch as I am a member of the Committee on Banking and Currency and find myself entirely out of harmony with the position taken by the committee, I think it only proper that I should state the reasons for my position.

The particular schedule in which I am interested is agriculture. We find that the Department of Agriculture, through the years, has adopted a policy of parity based on the years 1909 to 1914, figuring that all costs and all classes of agriculture could be taken into consideration and fairly dealt with on the basis of this parity. The Committee on Banking and Currency worked long and faithfully in trying to satisfy the various divisions of agriculture, but I am quite sure Senators will find that by this measure we shall have satisfied very few of the agricultural interests of the country. Considering the 1909 to 1914 period as a parity basis, we find that only a short time after that period was adopted, it became necessary

to change the parity computations with respect to tobacco. The base period was therefore changed from 1909–14 to 1919–29.

When the committee was considering the provisions of the agricultural schedule, it found that the 1909–14 basis of 100 percent was not fair to any branch of agriculture. Then it was found necessary to increase the basis to 110 percent of parity.

Let us consider the great livestock industry of the Northwest. It would have been absolutely bankrupt if that sort of policy had been adopted. There is not a cattleman or a sheepman in the West who could have continued operation without this new program.

After having listened to the testimony, the committee was fair about the matter and tried to satisfy those who presented their views, but the committee was reluctant to sacrifice the parity principle. So the committee said, "We will adopt the 1919–29 basis." That satisfied the producers of some commodities. I think our good friend, the Senator from Georgia, was satisfied with that kind of amendment, covering certain commodities produced in his section. There was, however, still opposition to that basis, and in order to satisfy the cattle and sheep growers of the country it was finally decided to adopt a basis of October 1 or December 15, 1941, whichever was the highest. That basis was accepted, and is now in the bill, and to some extent it does help the agricultural interests.

Mr. President, I mention these things by reason of the fact that the Senator from Oklahoma, my namesake [Mr. THOMAS], who has been working for months on this matter, has realized the unfairness of the parity schedule as it has been formulated.

Why is it unfair? Because conditions have changed. The dollar has been devalued. Since 1909 all kinds of things have happened to farming. Farming methods have changed. We have mechanical farming now and we must provide for a different basis of parity computation if we are to satisfy the agricultural interests. Those things which go to make up the costs of production must be taken into consideration for any parity basis that is fair to the farmer.

The Senator from Wyoming [Mr. O'MAHONEY] has made a splendid fight for the farm organizations with his amendment, but the amendment has been rejected.

Mr. President, I wish to say to the Senate that I do not believe we have done the right thing by agriculture. So far as I am concerned I had hoped that a good bill, which I could support, would come out of the conference, but I cannot give my approval to the conference report.

In my estimation the whole program as developed for agriculture does not make sense. This is a question of securing the necessary margin of farm income between expenditures and receipts. That has not been done.

Mr. President, I am opposed to inflation. No Member of the Senate is more opposed to inflation than am I. The agricultural interests of the country are op-

posed to inflation. They have gone through inflation once and they know what it means, and they are now opposed to it as much as are Members of the Senate or anyone else.

Agriculture desires to do its part. It is back of the war effort, and it will do its part if it is given the protection to which it is entitled.

Mr. President, I can see no great danger of inflation by reason of increased farm prices so long as agriculture receives 9 percent of the national income. If the Senate will remember the report made by the Truman committee as to the large profits made by industry on war contracts, it will see a situation much more likely to result in inflation than any prices that may be paid farmers for their products.

Mr. AIKEN. Mr. President, I wish to assure Senators that I shall occupy the time of the Senate for only 5 or 6 minutes. Like the Senator from Missouri [Mr. CLARK], I feel that the bill we are considering is a poor bill, but, unlike the Senator from Missouri, I do not intend to vote for it. The argument that we should vote for a poor bill, a bad bill, because if we do not we shall be forced to vote for a worse bill later on does not sound very convincing to me.

It is with much reluctance that I feel obliged to protest the enactment of this bill, for I have profound respect for the Senator from Michigan [Mr. BROWN], who has worked so hard and earnestly to bring before us a measure which would accomplish the purpose of genuine and fair price control. I am satisfied that the Senate members of the conference committee did the very best they could to write into the bill the desires of the Senate.

In spite of the reluctance with which I protest the acceptance of the measure, I feel that I would not be fair to myself or to those folks back home who sent me here to represent them, if I did not protest the enactment of legislation which I firmly believe will not accomplish what it should accomplish, and may conceivably work to the detriment of part of our people now and most of our people later on.

The proponents of the bill seem to assume that the few controls which it contains will effectively control the cost to the consumer and afford fair returns to those who produce. I do not believe this to be so, particularly as it affects food which is produced by the American farmer to feed American consumers and American allies.

I do not believe the cost of food to consumers can be adequately controlled by the bill as it now stands. Most of the cost of the consumer's food is due to other causes than the cost of producing the raw material, costs which the bill does not control.

According to the Bureau of Agricultural Economics, the farmer now receives approximately 50 percent of the dollar which the consumer pays for 58 domestically produced foods. On only a very few items does the farmer receive 50 percent or more of the consumer's dollar. In support of this statement I call the attention of the Senate to the fact that

the Bureau of Agricultural Economics states that the oranges for which the consumer pays 38.1 cents a dozen bring to the farmer 9.1 cents; that rice, for which the consumer pays 9.1 cents a pound brings to the farmer only 4 cents; that white bread, as was pointed out by the Senator from North Dakota [Mr. Nye] earlier in the day, which costs the consumer 8½ cents a pound, yields the farmer only 1½ cents a pound, and so on down the list of 58 domestically produced foods which the Bureau uses in making its figures.

When it comes to clothing, the spread between producer and consumer is even more pronounced. Take cotton as an example.

Although cotton is selling for a considerably better price than it was, yet the spread between the producer of cotton and the purchaser of cotton goods has

increased far more than has the price received by the farmer for cotton.

According to the Bureau of Agricultural Economics, the price of cotton last January was 9.4 cents a pound to the farmer, while the wholesale price of cotton cloth was 25.2 cents. By November 1941 the price of cotton had risen to 15.8 cents, but the wholesale cloth price had risen to 36.8 cents. So while the price for cotton had increased 6.4 cents in 11 months, the wholesale price of cotton cloth had increased 11.6 cents, or nearly twice as much in percentage.

I ask unanimous consent to have printed in the RECORD at this point in my remarks a table prepared by the Bureau of Agricultural Economics showing price spreads between the farmer and the consumer.

There being no objection the table was ordered to be printed in the RECORD, as follows:

Price spreads between the farmer and the consumer: Monthly statistical supplement, November 1941

Retail commodity	Table No.	Retail		Farm equivalent		Actual margin	Farm value as percentage of retail price
		Unit	Price	Quantity	Value		
58 foods combined	8	Annual family consumption	\$365	Annual family consumption	\$183	\$182	50
Pork products.....	11	1 pound principal pork products.	Cents 25.5	1.90 pounds live hog.....	Cents 18.4	Cents 7.1	Percent 72
Dairy products.....	12	100 pounds milk equivalent.	\$89.4	100 pounds milk equivalent.....	\$202.8	\$186.6	52
Hens.....	13	1 pound.....	31.7	1.11 pounds.....	17.2	14.5	54
Eggs.....	14	1 dozen.....	51.9	1 dozen.....	35.5	16.4	68
White flour.....	15	1 pound.....	4.8	1.41 pounds wheat.....	2.2	2.6	46
White bread.....	16	.....do.....	8.5	0.97 pound wheat.....	1.5	7.0	18
Corn meal.....	17	.....do.....	4.4	1.5 pounds corn.....	1.7	2.7	39
Rolled oats.....	18	.....do.....	7.5	1.78 pounds oats.....	2.3	5.2	31
Corn flakes.....	19	8-ounce package.....	7.1	1.275 pounds corn.....	1.5	5.6	21
Wheat cereal.....	20	28-ounce package.....	23.8	2.065 pounds wheat.....	3.2	20.6	13
Rice.....	21	1 pound.....	9.1	1.51 pounds rough rice.....	4.0	5.1	44
Navy beans.....	22	.....do.....	8.3	1 pound dry beans.....	4.8	3.5	58
Oranges.....	24	1 dozen.....	38.1	¾ box.....	9.1	29.0	24
Potatoes.....	25	1 pound.....	2.6	1 pound.....	1.3	1.3	50
Apples.....	35	.....do.....	5.3	.....do.....	2.0	3.3	38
Lamb products.....	37	1 pound principle lamb cuts.	28.4	2.16 pounds live lamb.....	20.5	7.9	72
Sweet potatoes.....	38	1 pound.....	4.2	1 pound.....	1.5	2.7	36
Rye bread.....	39	.....do.....	9.1	0.39 pound rye and 0.64 pound wheat.	1.4	7.7	15
Whole wheat bread.....	40	.....do.....	9.9	0.92 pound wheat.....	1.4	8.5	14
Macaroni.....	41	.....do.....	14.0	1.72 pounds durum wheat.....	2.3	11.7	16
Soda crackers.....	42	.....do.....	15.2	1.085 pounds wheat.....	1.7	13.5	11
Peanut butter.....	44	.....do.....	19.6	1.73 pounds peanuts.....	8.0	11.6	41

Mr. AIKEN. Mr. President, this wide spread between prices to the farmers and cost to the consumers is due principally to the cost of transportation, of processing, including labor, and of distribution. Nowhere in the bill can I see that these costs are adequately controlled. It is true that theoretically some of them may be controlled by certain agencies, but actually they are mounting day by day, and will go still higher.

I feel that the Administrator of the authority granted by the bill cannot adequately control consumer costs, because the bill does not control transportation costs; it does not control processing or labor costs; it specifically exempts methods and practices of distribution from its provisions; and it does not control items, such as electric power, interest rates, insurance, and other costs, which to a great degree affect the cost of farm production.

Mr. President, I do not feel that I can conscientiously vote for any bill which exempts the interests which contribute most to retail costs. It does not seem to me that the Price Administrator can be expected effectively and fairly to control prices, under the provisions of this bill as it now stands.

I have no doubt that Mr. Henderson and his associates would do all they could effectively to carry out the purposes of proper price control; but I do not believe that the Administrator should be expected to effect this control adequately and fairly with the bill as it is. I venture the prediction that if it becomes a law within a short time it will be found ineffective and unjust.

Mr. President, the one thing that we need in this country now, and need desperately, is production of raw materials to feed our people and to keep our fac-

tories running. We must not discourage agricultural production. We must not become dependent upon other countries to feed and clothe us. If our country ever needed to be self-sufficient it must be so in the years directly ahead of us. I do not think we should plan to depend upon other nations for the things we need merely because we can now buy them cheaper elsewhere. Perhaps for a year or two American consumers would be favored by a lower production of some crops here and an increased importation from other countries, but in the long run such a course would be to the detriment of American consumers.

We can see what has already happened from depending upon other countries for our sugar. What has happened with respect to sugar will happen in the case of other necessities unless we watch out. Agriculture must not be depressed and discouraged now unless America wants to go hungry later.

This year American farmers are being asked to produce more than they have ever produced before. They will go as far as they possibly can to meet this demand; but they are not millionaires, and they cannot produce unless assured a reasonable recompense for their efforts. They see their own costs, including freight and labor, and prices of all kinds going up, and they are looking to Washington today to see what happens to this bill. Rightly or wrongly, they are afraid of it.

The increased farm production which is asked for must to a large extent come from so-called marginal producers who cannot produce as cheaply as our better farmers can produce a normal crop. As to some products, such as dairy products, an enforced overproduction cannot be brought about at parity, or even 110 percent of parity.

The farmers must have every assurance that they will receive as much protection in their effort to produce and overproduce as do other groups of our people. The bill does not put agriculture on an equal footing with transportation, processors, labor, and distributors. American farmers cannot stand much more discouragement. I must reluctantly protest against the enactment of a price-control bill which does not control prices equitably; and I must protest with my vote.

Mr. BANKHEAD. Mr. President, I have no intention of delaying the Senate. I recognize the desire to conclude this discussion. However, in view of the statements made by Senators who have recently spoken, I should like to make one small contribution to the discussion.

Earlier in the day, during the course of a running debate while the Senator from Michigan [Mr. BROWN] had the floor, I commended the action of the Senator from Michigan and the majority leader [Mr. BARKLEY] in the conference in endeavoring to carry out the will of the Senate.

Later it occurred to me that by implication my words might be construed to mean that a different statement might be applied to the senior Senator from Ohio [Mr. TAFT] and the junior Senator

from Connecticut [Mr. DANAHER]. I wish to give to them the same commendation which I gave to the other two Senators. I was not 100 percent in accord with any of them; but I never saw in any conference at any time men more anxious to carry out the will of the body they were representing and to arrive at a workable bill, regardless of party politics and regardless of any other consideration except the welfare of the country. It gives me pleasure to make that statement about my associates on the conference committee.

Mr. President, let us look at the situation in a realistic way. Where would we be if the Senate should vote down the conference report? The House has already agreed to it. I am advised that by that action the House conferees are now discharged. If the Senate should vote down the report, the Senate conferees would be discharged. If new conferees should be appointed, or if the old conferees should be sent back to continue their work, what direction would they take?

In the House the real fight was not over the agricultural phases of the bill but over the licensing provision and the board features. In the Senate I do not know just what the fight is over. Some Senators who are real friends of the farmers think that the bill is not a good one for the farmers. In my judgment, it is the best possible bill for the farmers that could be produced in the present legislative situation. As is well known, the conferees accepted the viewpoint of the farmers and their friends on every phase of this legislation except that part of the O'Mahoney amendment which displaced the old parity formula and the 110-percent declaration in the House bill and in the Senate bill as reported, and presented a formula which, as I have frequently stated, is of great interest, and some day may be adopted.

That is the only thing any representative of the farmers or the farm groups has contended for before the committee of either House that is not included in the conference report. So where would we get if the bill were sent back to conference? What would the conferees do?

It is clear to me, Mr. President, that a vote to reject the conference report would not be a real service to the farmers, but would be a disservice, in effect, for if the conference report should be rejected, there would be no price-control law, and no direction to the conferees. The result would be that Mr. Henderson would proceed to carry out his price-fixing orders without statutory authority, as he has been doing, and without the limitations fixed in the bill on the prices received by farmers. I submit, therefore, that it is highly in the interest of the farmers to adopt the report, which contains satisfactory price limitations; and we cannot get anything better out of this situation.

I know that there is a group of Senators who are inclined to vote against the conference report because they do not want to entrust the administration of the bill to Mr. Henderson. To those who follow that line of thought I submit there is another constitutional way to reach

the conclusion they desire—namely, by voting against confirmation when his nomination shall come to the Senate. Let us not mix the matter of confidence in an administrator who may be appointed with the merits of the legislation, with its splendid protective provisions in the interest of the farmers, but let those who object to Mr. Henderson take the orderly, regular legislative method of dealing with the matter in the event his nomination shall be sent to the Senate for confirmation.

In conclusion, Mr. President, I sincerely hope that the conference report will be adopted, not because it is perfect, but because it is the best measure we shall get at any time in the near future which will aid in any way to control the threat of inflation.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. SHIPSTEAD. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. McNARY (when Mr. BURTON's name was called). The junior Senator from Ohio [Mr. BURTON] is absent on official business. If present and voting, he would vote "yea."

Mr. CHANDLER (when his name was called). I have a general pair with the Senator from Pennsylvania [Mr. DAVIS], who is unavoidably detained from the Senate. If present and voting, he would vote "yea," as I intend to vote. So I am at liberty to vote. I vote "yea."

Mr. CHAVEZ (when Mr. HATCH's name was called). My colleague, the senior Senator from New Mexico [Mr. HATCH] is absent because of illness. If present and voting, he would vote "yea."

Mr. MCKELLAR (when his name was called). On this question I have a pair with the senior Senator from Virginia [Mr. GLASS], who is unavoidably detained from the Senate. If present and voting, he would vote "yea"; and if I were at liberty to vote, I should vote "nay."

Mr. ANDREWS (when Mr. PEPPER's name was called). My colleague the junior Senator from Florida [Mr. PEPPER] is absent on important public business. I understand that if present and voting he would vote "yea."

Mr. O'MAHONEY (when Mr. SCHWARTZ's name was called). My colleague the junior Senator from Wyoming [Mr. SCHWARTZ] is necessarily absent. If present and voting, he would vote "yea."

Mr. THOMAS of Utah (when his name was called). I have a general pair with the senior Senator from New Hampshire [Mr. BRIDGES]. I transfer that pair to the junior Senator from Pennsylvania [Mr. GUFFEY], and will vote. I vote "yea."

The roll call was concluded.

Mr. HILL. I announce that the senior Senator from South Carolina [Mr. SMITH] is absent from the Senate because of illness.

The junior Senator from California [Mr. DOWNEY] is unavoidably absent.

The Senator from Delaware [Mr. HUGHES], the Senator from Nevada [Mr. MCCARRAN], and the Senator from Ar-

kansas [Mr. SPENCER], are necessarily absent. I am advised that if present and voting these Senators would vote "yea."

The Senator from Pennsylvania [Mr. GUFFEY] is detained on important public business. I am advised that if present and voting he would vote "yea."

Mr. AUSTIN. The Senator from Pennsylvania [Mr. DAVIS] is absent pursuant to his duties as a member of the Anthracite Commission appointed by the President to study conditions in the industry.

The Senator from New Jersey [Mr. BARBOUR] is absent on official business. He would vote "yea," if present.

The Senator from New Hampshire [Mr. BRIDGES] is absent in a hospital because of a hip injury.

The Senator from California [Mr. JOHNSON] has been called from the Senate. He is paired on this question with the Senator from Delaware [Mr. HUGHES]. If present, the Senator from California would vote "nay," and the Senator from Delaware would vote "yea."

The result was announced—yeas 65, nays 14, as follows:

YEAS—65

Andrews	Gerry	O'Daniel
Austin	Green	Overton
Bailey	Gurney	Radcliffe
Ball	Hayden	Reed
Bankhead	Herring	Reynolds
Barkley	Hill	Rosier
Bilbo	Johnson, Colo.	Smathers
Bone	Kilgore	Stewart
Brewster	La Follette	Taft
Brooks	Langer	Thomas, Utah
Brown	Lee	Tobey
Bunker	Lodge	Truman
Byrd	Lucas	Tunnell
Caraway	McFarland	Tydings
Chandler	McNary	Vandenberg
Chavez	Maloney	Van Nuys
Clark, Idaho	Maybank	Wagner
Clark, Mo.	Mead	Wallgren
Danaher	Millikin	Walsh
Doxey	Murdock	Wheeler
Ellender	Murray	White
George	Norris	

NAYS—14

Aiken	Gillette	Shipstead
Bulow	Holman	Thomas, Idaho
Butler	Nye	Thomas, Okla.
Capper	O'Mahoney	Willis
Connally	Russell	

NOT VOTING—17

Barbour	Guffey	Pepper
Bridges	Hatch	Schwartz
Burton	Hughes	Smith
Davis	Johnson, Calif.	Spencer
Downey	McCarran	Wiley
Glass	McKellar	

So the report was agreed to.

Mr. BROWN. Mr. President, the American Farm Bureau Federation desire to have their position on this bill clearly stated. They have set it forth in a letter to the Senator from Nebraska [Mr. BUTLER] which, with his consent, I ask to have inserted in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter is as follows:

JANUARY 23, 1942.

HON. HUGH BUTLER,
United States Senate,
Washington, D. C.

MY DEAR SENATOR BUTLER: Replying to the inquiry in your letter of January 19 concerning our position on the price-control bill, I wish to explain that we have consistently advocated effective legislation to control inflation; and have stated over and over again that to be effective, such control must include comparable control of inflationary

prices of both agriculture and industry and inflationary wages. We have also insisted upon proper safeguards to farm programs.

As you know, when I appeared before both the House Banking and Currency Committee and the Senate Banking and Currency Committee, of which you are a member, during their hearings on the price control bill, I insisted very strongly upon the inclusion of a provision to control inflationary wages, as advocated in a resolution adopted by our annual meeting, but to no avail. Both the House and Senate refused to include control of wages.

Meanwhile, it became evident that our whole agricultural program, built up as a result of 20 years' effort on the part of farm people and Congress, and the "food for freedom" program, in which 6,000,000 farmers are cooperating in an all-out effort to produce adequate food and fiber to help win the war, stood in grave jeopardy unless additional provisions were added to this bill to safeguard the administration of these programs. Since it was evident that Congress would not include control of wages in this bill, and because of the grave threat to our whole farm program—including agriculture's total war effort—it became of paramount importance to secure proper safeguards for the administration of these agricultural programs. That became the immediate major issue. We didn't want a Pearl Harbor incident to strike agriculture.

Therefore, in order to properly safeguard agriculture and the administration of the farm programs, we insisted upon the retention of the 110 percent of parity provision and the Bankhead amendment to require the prior approval of the Secretary of Agriculture before the Price Administrator can take any action relative to agricultural commodities. We have never supported and are not now supporting the O'Mahoney amendment for the reasons set forth in my letter to the conference committee to which you refer in your letter. The O'Mahoney amendment does not provide any control over industrial wages, and will likely encourage rather than retard inflationary wage increases.

We feel just as strongly as ever that there must be control of inflationary wages as well as prices if we are going to successfully control inflation. To the degree that legislation fails to control wages, it will not adequately control inflation, but the bill as reported by the conference committee does provide some control of inflation through control of prices. Furthermore, the conference report, through the inclusion of the 110-percent-of-parity provision which we have vigorously advocated, protects agriculture's parity position, so that if industrial prices advance due to a rise in wages, farmers are protected by a proportionate increase in the parity-price goal. The conference report also includes the Bankhead amendment, which we strongly urged, and which will safeguard the administration of the farm program and the food-for-freedom program which is a fundamental part of our war effort.

I have tried to make clear to you the position of the American Farm Bureau Federation. While agriculture is safeguarded in the bill, the Nation is not safeguarded against inflation. Recognizing as we do the importance of the control of inflation, and also recognizing the weeks of effort that Congress has put forth to get this bill in shape, it would appear that it is the best that can be accomplished at this time from Congress.

Sincerely yours,

EDW. A. O'NEAL, *President.*

Mr. BROWN. Mr. President, during the debate very little discussion was had of the legal justification for this bill. There is in the Senate committee hearings a very excellent brief prepared by Mr. C. David Ginsburg, the General

Counsel of the Office of Price Administration. In the long weeks and months that have been devoted to the consideration of the bill, Mr. Ginsburg has demonstrated a remarkable knowledge not only of the legal aspects of the subject but of the entire subject matter. In behalf of the Banking and Currency Committee and the Senate conferees, as well as the Senate itself, I desire publicly to acknowledge his valuable contributions to the form and substance of the bill.

I ask unanimous consent that the brief to which I refer be printed in the RECORD as a part of today's proceedings.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

[The brief will be published hereinafter in the Appendix.]

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations and a convention were submitted:

By Mr. REYNOLDS, from the Committee on Military Affairs:

William Signius Knudsen for temporary appointment as lieutenant general in the Army of the United States, under the provisions of law;

Brig. Gen. Julian Francis Barnes (colonel, Field Artillery), for temporary appointment as major general in the Army of the United States, under the provisions of law;

Col. Patrick Jay Hurley, Infantry (Reserve), for temporary appointment as brigadier general in the Army of the United States, under the provisions of law;

Col. Philip Ries Faymonville, Ordnance Department, and Col. Arthur Riehl Wilson (lieutenant colonel, Field Artillery), for temporary appointment as brigadier generals in the Army of the United States, under the provisions of law; and

Col. Earl Larue Naiden (lieutenant colonel, Air Corps; temporary colonel, Air Corps), Army of the United States, for temporary appointment as brigadier general in the Army of the United States, under the provisions of law.

By Mr. WALSH, from the Committee on Naval Affairs:

Several citizens for appointment as second lieutenants, and several officers for promotion, all in the Marine Corps.

By Mr. WAGNER, from the Committee on Banking and Currency:

Robert H. O'Brien, of Montana, to be a member of the Securities and Exchange Commission for the remainder of the term expiring June 5, 1945, vice Edward C. Elcher.

By Mr. GEORGE, from the Committee on Finance:

Clovis E. Martin (assistant dental surgeon) to be passed assistant dental surgeon in the United States Public Health Service, to rank from February 13, 1942.

By Mr. WHEELER, from the Committee on Interstate Commerce:

George A. Cook, of Illinois, to be a member of the National Mediation Board for the term expiring February 1, 1945 (reappointment).

By Mr. MCKELLAR, from the Committee on Post Offices and Post Roads:

Several postmasters.

By Mr. THOMAS of Utah, from the Committee on Foreign Relations:

Executive I, Seventy-seventh Congress, first session, a convention between the United States of America and the United Mexican States, signed at Washington on November 19, 1941, providing for the adjustment and settlement of certain outstanding claims of nationals of each country against the government of the other country; without reservation (Executive Rept. No. 1).

The PRESIDING OFFICER (Mr. LUCAS in the chair). If there be no further reports of committees, the clerk will state the nominations on the Executive Calendar.

THE JUDICIARY

The legislative clerk read the nomination of Carl A. Sackett to be United States attorney for the district of Wyoming.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. MCKELLAR. I ask that the nominations of postmasters be confirmed en bloc, and that the President be notified.

The PRESIDING OFFICER. Without objection, it is so ordered.

That completes the calendar.

LT. GEN. WILLIAM SIGNIUS KNUDSEN

Mr. BARKLEY. Mr. President, I understand that the Senator from Iowa desires to secure action, if possible, on a nomination which he will present.

Mr. HERRING. Mr. President, there is at the desk a nomination which has been unanimously approved by the Military Affairs Committee—the nomination of Mr. William S. Knudsen for temporary appointment as lieutenant general in the Army of the United States. It is important that the nomination be confirmed at the earliest possible date. I ask unanimous consent that it be now considered.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the nomination? The Chair hears none. The nomination will be read.

The legislative clerk read the nomination of William Signius Knudsen for temporary appointment as lieutenant general in the Army of the United States, under Public Law No. 252, Seventy-seventh Congress, approved September 22, 1941.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. BARKLEY. I ask that the President be immediately notified of all confirmations of nominations today.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS

Mr. BARKLEY. As in legislative session, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 3 o'clock and 55 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, January 28, 1942, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate January 27 (legislative day of January 23), 1942:

UNITED STATES ATTORNEY

Carl A. Sackett to be United States attorney for the district of Wyoming.

POSTMASTERS

ILLINOIS

Dorsey Berry Anderson, National Stock Yards.

MISSOURI

Fannie McClintock, Gower.
Otis W. Christian, Oakwood.

NORTH DAKOTA

Albert James Gilman, Beach.
Ethel J. Hirschberger, Sanborn.

TEMPORARY APPOINTMENT IN THE ARMY OF THE UNITED STATES

TO BE LIEUTENANT GENERAL

William Signius Knudsen.

business prompts the thought that I became a career public servant many years before he came south. I deeply sympathize with automobile dealers and assure them of my best efforts, but they cannot all enter Congress.

Perfectly willing to meet opposition if necessary on this basis of "pork versus national defense," its apparent imminence prompted me to spend every possible day in my district during the 3-day recesses last summer and fall. I returned on October 15 with an Armistice Day and several other speaking engagements which it was necessary to cancel because of the conference report on the ship-arming bill on November 12, the vote on which was close as we anticipated. I then planned to move my office to the district during December, when I did not anticipate great activity on the floor. Leaving by car on December 6, Pearl Harbor was learned of when approximately a hundred miles from my district and I fortunately boarded a mid-night plane in Birmingham, returning to Washington for the Japan-war vote on December 8. You ladies and gentlemen are very familiar with the situation which has confronted us since, and which will certainly continue to do so throughout this emergency.

Even before war occurred, I naturally knew what I was doing here, how I was regarded, and what my prospects for future accomplishments were, as compared with any person who might succeed me, better than anyone else did. This knowledge strongly impressed me then with the conviction that it is much preferable for the people of my district and for the Nation that I continue to serve them. Of course, this fact has been tremendously magnified by war. Whether I shall be permitted to constantly do so, however, or be required to divide my time between the performance of these very important duties at this most critical period in our history and the obligations of a campaign, I do not know. While the gentlemen referred to by the Rural Carrier has decided not to run, the other two have not. Consequently, it behooves me and my friends throughout the great Sixth District to plan to take care of any opposition which may develop, thereby preserving my all-important seniority and the position in the House it has been my privilege to gain for our district.

Toward that end and in view of my knowledge that the circumstances must necessarily require my presence here during much of any campaign, which will undoubtedly deny me the pleasure of seeing and personally soliciting many of their votes, I take this method of soliciting the vote, the wholehearted cooperation, and the active assistance of each of my constituents; not only those who have heretofore been my supporters and friends, but of every patriotic citizen of the Sixth District who wishes experienced, efficient, and maximum representation in this body at this critical hour. I know many close friends of my prospective opponents who would normally support them will not under these circumstances, knowing that should we lose this war there may be no Congress. I

assure every one that his or her support will ever be reflected upon with deep appreciation.

It is well known that seniority, valuable indeed anywhere, is much more so in this body than anywhere else in the world. While ability, personality, industry, and particularly the confidence, good will, and respect of one's colleagues are quite valuable, they really amount to little without a measure of seniority. It is interesting to note that as I commence my sixth year I have advanced approximately half way up the all-important ladder of seniority. I am now ranked by 198 of you, enjoy equal rank with 44, and rank above 192. On the major Committee on Foreign Affairs my position is seventh. As you know, I have long been chairman of the Printing Committee and vice chairman of the Joint Committee on Printing.

It is every man's prerogative in our democracy to run for the office of his choice at any time. By the same token, however, it is the prerogative of the people of this democracy to overwhelmingly repudiate the choice of an inappropriate time or office by any man. The comment I have heard among you causes me to know that it sounds strange to you to refer to the possibility of opposition at such a time, just as it seems to sound to the great majority of my constituents. I quote from three letters which are illustrative of the hundreds I have received:

As yet I have not heard of one single supporter. I sincerely hope that he will not decide to enter the race as I know that you are extremely busy and do not have time to devote to a campaign under the present condition of national affairs. I am sure that your responsibility is increasing daily and it certainly is no time for the people in our district to even consider another man, much less vote for one.

It is unthinkable to me, under present war conditions, that many voters would even consider changing an able, tried, and true public servant for an unknown quantity. Therefore, I feel you will not be opposed.

I am for you 100 percent. I think every true American should be in a time like this even if they did not like you for some reason.

Instead of sharing this attitude, however, it is quite apparent that my two remaining prospective opponents hope to deliberately take advantage of my natural thorough occupation here by indulging in an active and constant campaign while my hands are more or less tied.

One of them replied to the insistence that he should not run by the statement that he had been at work for 6 months and would be constantly at it until the election, indicating the hope that by continuing to take advantage of the necessity of my presence in Washington now that we are at war, as he has been doing during 5 of the 8 critical months I have mentioned while war clouds gathered, he might defeat me.

On January 1 a friend wrote with reference to my other prospective opponent:

I gathered from my conversation yesterday that ———'s idea is that he will take advantage of the fact that you will have to be in Washington to see the voters which you will not be able to do. I am determined that your friends will see as many of the voters as

he will, and more, and I hope with more telling effect.

I do not believe the patriotic people of my district will react very favorably to such an attitude and such a campaign. One of them replied to the argument of a common friend that he should not oppose an experienced Congressman and member of the Foreign Affairs Committee under such conditions by the ridiculous statement that officers were changed at Pearl Harbor, to which this friend replied: "There was glaring evidence of inefficiency, and so forth, there that cannot be applied to Congressman JARMAN." He might have added that no lieutenant general was replaced by a second lieutenant and no admiral by an ensign, nor was a general replaced by an admiral. This prospective opponent also advances against the insistence of patriotic citizens that my experience and seniority are valuable, the equally ridiculous statement that the majority of the war effort will hereafter be directed by men higher up than Congressmen. In other words, that the bureaucrats and Army and Navy officers, who he thinks rank higher than Congressmen, although few of them do, will replace the elected Representatives of the people in the conduct of the war. This is generally recognized as his attitude toward Government. I distinctly frown on the belief of anyone that Congress should not interest itself in such an unfortunate and unpardonable debacle as Pearl Harbor. Furthermore, aside from his apparent belief that the body in which he aspires to membership should abdicate during the emergency, with which I also heartily disagree, I wonder how the mothers and fathers of the boys in the Sixth District who are now patriotically serving our country, perhaps in dangerous localities, perhaps where the going is hard, will react to his insistence that Congress, the only agency which can do so, appropriate no funds to feed, clothe, equip and transport them. Instead of feeling that these noble boys should be drafted or otherwise accepted into the armed forces and then abandoned to their fates, I here and now pledge to their parents that their sons shall not suffer either from ignorance, inexperience, lack of judgment, lack of appreciation of our leadership in this emergency, or lack of patriotism on the part of your Congressman.

Price-Control Bill

EXTENSION OF REMARKS
OF
HON. THAD F. WASIELEWSKI
OF WISCONSIN
IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 27, 1942

Mr. WASIELEWSKI. Mr. Speaker, it is fair to say that we all believe that in a time of emergency it is important to prevent inflation through some control of prices.

Because I favor price control I voted against the bill that passed the House

yesterday. The bill bore a phoney label "Price control"; actually it is an inflation measure. Leon Henderson, the man who is to administer this bill, made a public statement to the effect that the bill, in the form in which it passed yesterday, will not prevent inflation.

This bill is undemocratic, it smells of class legislation for it exempts from its control two very important groups in this country, and would have them appear in the eyes of the world unwilling to cooperate in this emergency. Such an inference is unfair to both these groups who in reality are very patriotic. We need unity of purpose and action to gain victory.

You cannot have price control unless you have control of all the elements that enter into the make-up of the cost of each commodity. You cannot control prices unless you control all prices. Higher wages are not worth anything if they will buy less. Higher farm prices are not worth anything if the cost of farming goes up at the same time.

The bill passed by the House yesterday controls neither inflation nor prices. It is my fervent hope that the other body in its wisdom may see fit to defeat the present measure so that Congress can then begin de novo, and give the country a bill that will really control prices and prevent inflation.

Treasury Department Requested To Issue Victory Bonds Instead of Defense Bonds

EXTENSION OF REMARKS OF

HON. KARL E. MUNDT

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 27, 1942

LETTER OF HON. KARL E. MUNDT, OF SOUTH DAKOTA, TO THE SECRETARY OF THE TREASURY

Mr. MUNDT. Mr. Speaker, America is at war. A victory is our goal, which will assure to all the world a permanent peace. This involves much more than merely the defense of this country, and I believe the term "victory bonds and stamps" much more appropriately identifies our war securities than the words "defense bonds and stamps."

In this connection I am reprinting herewith a letter I have written to Secretary of the Treasury Henry Morgenthau, Jr.:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., January 26, 1942.
Mr. HENRY MORGENTHAU, Jr.,
Secretary of the Treasury,
Washington, D. C.

MY DEAR MR. SECRETARY: I am enclosing herewith a tear sheet from the CONGRESSIONAL RECORD of Friday, January 23, which reprints a highly significant poem which a friend of mine recently wrote to help promote the sale of Defense stamps and bonds. I thought you might like to have this to add to your collection of selling suggestions.

In reading and rereading this poem which Armistead Grady dedicates to the "Victory"—not the Defense stamp—impresses upon me the belief that the words "Victory bond" and "Victory stamp" would be a much more appropriate and attractive name for these bonds and stamps than simply the word "Defense."

While the United States was not in the war, Defense bonds and Defense stamps were highly appropriate and attractive labels. However, we are now in the war, and I am sure that you agree that it is a war which we must support for victory and not simply sustain to the point of self-defense. Once in a war, the goal must be victory and the war effort must be directed toward that goal because when a country is involved in a tremendous war, true defense can emerge only from victory.

I respectfully suggest, therefore, that when your present supply of printed literature, engraved bonds and stamps, and other materials on hand begins running low that instead of continuing to designate these bonds and stamps as "Defense bonds and stamps" you take the initiative of renaming them "Victory bonds and stamps." "Defense" indicates a passive, negative position; "victory" indicates an active, vigorous crusade. America is on the march as we not only have a war to win but a peace to prepare and promote afterward. We must not only prevent a defeat which is the business of defense, but we must promote a victory which will become the background for a permanent peace. Let us have the war bonds and stamps of America appropriately labeled to indicate the all-out effort of this war and the end objectives which it seeks.

I offer this suggestion with the sincere belief that just as the term "Liberty bonds" grew to have real significance in the last war, the term "Victory bonds" would help to rally all America, not only to an increased buying of Government bonds and stamps, but also to an increased realization of the true objectives of this war. I join you in my gratification that the sale of bonds and stamps is going along so successfully, but I believe a more appropriate and truly significant term for these securities will even further increase the public demand for them. America is girding itself for victory; Americans are eager to do their bit by purchasing securities and making sacrifices essential to that end.

With best wishes, I am
Cordially yours,

KARL E. MUNDT,
Member of Congress.

Objections to the Curtailment of National Youth Administration Funds

EXTENSION OF REMARKS OF

HON. ADOLPH J. SABATH

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, January 27, 1942

STATEMENT FROM THE SOUTHERN ILLINOIS NORMAL UNIVERSITY

Mr. SABATH. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following statement from the Southern Illinois Normal University:

OBJECTIONS TO THE CURTAILMENT OF NATIONAL YOUTH ADMINISTRATION FUNDS

Several agencies interested in reducing non-war public expenditures, among them the

Brookings Institution, have recommended that appropriations to the National Youth Administration be very sharply reduced or eliminated altogether. As members of the College Work Council of the State of Illinois we do not believe that it would be a sound policy to reduce the National Youth Administration appropriations beyond the amount that is at present available. In support of this belief we respectfully submit the following considerations:

I. From the viewpoint of the war emergency:

1. A modern army needs technical experts of all sorts. At the same time that the Army needs them the armament-production program and the general acceleration of effort within the country which attends a defense crisis requires sharply increased numbers of technically educated people. The longer the emergency continues, the more serious will the scarcity of trained technicians in all fields become.

Already there are serious shortages of physicians, of engineers, of chemists and physicists, of teachers of industrial arts, and of dentists. Less acute shortages exist in almost every other profession.

The only place from which such technical experts can be replaced is from the colleges and universities of the country. It is therefore highly important that the increased cost of living and increased opportunities for employment outside should not be permitted to reduce too much the number of people enrolled in the colleges.

It is significant to remember that the terrible crisis of the Civil War so impressed President Lincoln and the leaders of Congress at that time that the Morrill Act establishing the land-grant colleges was passed during the darkest days of the Civil War.

We should not have the lack of foresight now to do anything that would help to reduce the number of people enrolled in the colleges because within a few years, we shall need them very desperately. It goes without saying this kind of education cannot be provided by a few months of intensive training.

2. Now that we are actually at war, we shall need a vast reserve of trained officers which will need to be constantly replenished. In every crisis these reserve officers have been drawn from among the younger college men.

3. There is no other place in the war preparation set-up where the Government is buying a better bargain in training for the defense emergency than it is securing with the \$15 a month or less which is being paid to maintain students in college. Every other agency for training defense workers cost a great deal more. The National Youth Administration student in college is preparing himself for as vital a part in the national defense as any other person, yet he is paying his own board and room, providing his own clothing and living quarters and, in many instances, paying tuition for instruction, receiving only the small amount of aid provided by the program; whereas in most other cases the Government is called upon not only to provide instruction and pay wages, but to provide clothing, subsistence, and medical attention to its trainees. Purely as national defense effort, the National Youth Administration college-aid program is securing one of the best bargains that the Government is securing anywhere.

II From the point of view of the student:

1. With the increased cost of living generally, it is becoming much harder rather than easier for a young person who is on his own to maintain himself in school. There is, therefore, more, not less, need for college aid than there was before the defense emergency began.

2. It is highly important to maintain the morale of the young people who are going to have to make the greatest sacrifices as the country goes to war. The payment of

Jan 20

[PUBLIC LAW 421—77TH CONGRESS]

[CHAPTER 26—2D SESSION]

[H. R. 5990]

AN ACT

To further the national defense and security by checking speculative and excessive price rises, price dislocations, and inflationary tendencies, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—GENERAL PROVISIONS AND AUTHORITY

PURPOSES; TIME LIMIT; APPLICABILITY

SECTION 1. (a) It is hereby declared to be in the interest of the national defense and security and necessary to the effective prosecution of the present war, and the purposes of this Act are, to stabilize prices and to prevent speculative, unwarranted, and abnormal increases in prices and rents; to eliminate and prevent profiteering, hoarding, manipulation, speculation, and other disruptive practices resulting from abnormal market conditions or scarcities caused by or contributing to the national emergency; to assure that defense appropriations are not dissipated by excessive prices; to protect persons with relatively fixed and limited incomes, consumers, wage earners, investors, and persons dependent on life insurance, annuities, and pensions, from undue impairment of their standard of living; to prevent hardships to persons engaged in business, to schools, universities, and other institutions, and to the Federal, State, and local governments, which would result from abnormal increases in prices; to assist in securing adequate production of commodities and facilities; to prevent a post emergency collapse of values; to stabilize agricultural prices in the manner provided in section 3; and to permit voluntary cooperation between the Government and producers, processors, and others to accomplish the aforesaid purposes. It shall be the policy of those departments and agencies of the Government dealing with wages (including the Department of Labor and its various bureaus, the War Department, the Navy Department, the War Production Board, the National Labor Relations Board, the National Mediation Board, the National War Labor Board, and others heretofore or hereafter created), within the limits of their authority and jurisdiction, to work toward a stabilization of prices, fair and equitable wages, and cost of production.

(b) The provisions of this Act, and all regulations, orders, price schedules, and requirements thereunder, shall terminate on June 30, 1943, or upon the date of a proclamation by the President, or upon the date specified in a concurrent resolution by the two Houses of the Congress, declaring that the further continuance of the authority granted by this Act is not necessary in the interest of the national defense and security, whichever date is the earlier; except that as to offenses committed, or rights or liabilities incurred, prior to such termination date, the provisions of this Act and such regulations,

orders, price schedules, and requirements shall be treated as still remaining in force for the purpose of sustaining any proper suit, action, or prosecution with respect to any such right, liability, or offense.

(c) The provisions of this Act shall be applicable to the United States, its Territories and possessions, and the District of Columbia.

PRICES, RENTS, AND MARKET AND RENTING PRACTICES

SEC. 2. (a) Whenever in the judgment of the Price Administrator (provided for in section 201) the price or prices of a commodity or commodities have risen or threaten to rise to an extent or in a manner inconsistent with the purposes of this Act, he may by regulation or order establish such maximum price or maximum prices as in his judgment will be generally fair and equitable and will effectuate the purposes of this Act. So far as practicable, in establishing any maximum price, the Administrator shall ascertain and give due consideration to the prices prevailing between October 1 and October 15, 1941 (or if, in the case of any commodity, there are no prevailing prices between such dates, or the prevailing prices between such dates are not generally representative because of abnormal or seasonal market conditions or other cause, then to the prices prevailing during the nearest two-week period in which, in the judgment of the Administrator, the prices for such commodity are generally representative), for the commodity or commodities included under such regulation or order, and shall make adjustments for such relevant factors as he may determine and deem to be of general applicability, including the following: Speculative fluctuations, general increases or decreases in costs of production, distribution, and transportation, and general increases or decreases in profits earned by sellers of the commodity or commodities, during and subsequent to the year ended October 1, 1941. Every regulation or order issued under the foregoing provisions of this subsection shall be accompanied by a statement of the considerations involved in the issuance of such regulation or order. As used in the foregoing provisions of this subsection, the term "regulation or order" means a regulation or order of general applicability and effect. Before issuing any regulation or order under the foregoing provisions of this subsection, the Administrator shall, so far as practicable, advise and consult with representative members of the industry which will be affected by such regulation or order. In the case of any commodity for which a maximum price has been established, the Administrator shall, at the request of any substantial portion of the industry subject to such maximum price, regulation, or order of the Administrator, appoint an industry advisory committee, or committees, either national or regional or both, consisting of such number of representatives of the industry as may be necessary in order to constitute a committee truly representative of the industry, or of the industry in such region, as the case may be. The committee shall select a chairman from among its members, and shall meet at the call of the chairman. The Administrator shall from time to time, at the request of the committee, advise and consult with the committee with respect to the regulation or order, and with respect to the form thereof, and classifications, differentiations, and adjustments therein. The committee may make such recommendations to

the Administrator as it deems advisable. Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this Act, he may, without regard to the foregoing provisions of this subsection, issue temporary regulations or orders establishing as a maximum price or maximum prices the price or prices prevailing with respect to any commodity or commodities within five days prior to the date of issuance of such temporary regulations or orders; but any such temporary regulation or order shall be effective for not more than sixty days, and may be replaced by a regulation or order issued under the foregoing provisions of this subsection.

(b) Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this Act, he shall issue a declaration setting forth the necessity for, and recommendations with reference to, the stabilization or reduction of rents for any defense-area housing accommodations within a particular defense-rental area. If within sixty days after the issuance of any such recommendations rents for any such accommodations within such defense-rental area have not in the judgment of the Administrator been stabilized or reduced by State or local regulation, or otherwise, in accordance with the recommendations, the Administrator may by regulation or order establish such maximum rent or maximum rents for such accommodations as in his judgment will be generally fair and equitable and will effectuate the purposes of this Act. So far as practicable, in establishing any maximum rent for any defense-area housing accommodations, the Administrator shall ascertain and give due consideration to the rents prevailing for such accommodations, or comparable accommodations, on or about April 1, 1941 (or if, prior or subsequent to April 1, 1941, defense activities shall have resulted or threatened to result in increases in rents for housing accommodations in such area inconsistent with the purposes of this Act, then on or about a date (not earlier than April 1, 1940), which in the judgment of the Administrator, does not reflect such increases), and he shall make adjustments for such relevant factors as he may determine and deem to be of general applicability in respect of such accommodations, including increases or decreases in property taxes and other costs. In designating defense-rental areas, in prescribing regulations and orders establishing maximum rents for such accommodations, and in selecting persons to administer such regulations and orders, the Administrator shall, to such extent as he determines to be practicable, consider any recommendations which may be made by State and local officials concerned with housing or rental conditions in any defense-rental area.

(c) Any regulation or order under this section may be established in such form and manner, may contain such classifications and differentiations, and may provide for such adjustments and reasonable exceptions, as in the judgment of the Administrator are necessary or proper in order to effectuate the purposes of this Act. Any regulation or order under this section which establishes a maximum price or maximum rent may provide for a maximum price or maximum rent below the price or prices prevailing for the commodity or commodities, or below the rent or rents prevailing for the defense-area housing accommodations, at the time of the issuance of such regulation or order.

(d) Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this Act, he may, by regulation or order, regulate or prohibit speculative or manipulative practices (including practices relating to changes in form or quality) or hoarding, in connection with any commodity, and speculative or manipulative practices or renting or leasing practices (including practices relating to recovery of the possession) in connection with any defense-area housing accommodations, which in his judgment are equivalent to or are likely to result in price or rent increases, as the case may be, inconsistent with the purposes of this Act.

(e) Whenever the Administrator determines that the maximum necessary production of any commodity is not being obtained or may not be obtained during the ensuing year, he may, on behalf of the United States, without regard to the provisions of law requiring competitive bidding, buy or sell at public or private sale, or store or use, such commodity in such quantities and in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production thereof or otherwise to supply the demand therefor, or make subsidy payments to domestic producers of such commodity in such amounts and in such manner and upon such terms and conditions as he determines to be necessary to obtain the maximum necessary production thereof: *Provided*, That in the case of any commodity which has heretofore or may hereafter be defined as a strategic or critical material by the President pursuant to section 5d of the Reconstruction Finance Corporation Act, as amended, such determinations shall be made by the Federal Loan Administrator, with the approval of the President, and, notwithstanding any other provision of this Act or of any existing law, such commodity may be bought or sold, or stored or used, and such subsidy payments to domestic producers thereof may be paid, only by corporations created or organized pursuant to such section 5d; except that in the case of the sale of any commodity by any such corporation, the sale price therefor shall not exceed any maximum price established pursuant to subsection (a) of this section which is applicable to such commodity at the time of sale or delivery, but such sale price may be below such maximum price or below the purchase price of such commodity, and the Administrator may make recommendations with respect to the buying or selling, or storage or use, of any such commodity. In any case in which a commodity is domestically produced, the powers granted to the Administrator by this subsection shall be exercised with respect to importations of such commodity only to the extent that, in the judgment of the Administrator, the domestic production of the commodity is not sufficient to satisfy the demand therefor. Nothing in this section shall be construed to modify, suspend, amend, or supersede any provision of the Tariff Act of 1930, as amended, and nothing in this section, or in any existing law, shall be construed to authorize any sale or other disposition of any agricultural commodity contrary to the provisions of the Agricultural Adjustment Act of 1938, as amended, or to authorize the Administrator to prohibit trading in any agricultural commodity for future delivery if such trading is subject to the provisions of the Commodity Exchange Act, as amended.

(f) No power conferred by this section shall be construed to authorize any action contrary to the provisions and purposes of section 3, and no agricultural commodity shall be sold within the United States pursuant to the provisions of this section by any governmental agency at a price below the price limitations imposed by section 3 (a) of this Act with respect to such commodity.

(g) Regulations, orders, and requirements under this Act may contain such provisions as the Administrator deems necessary to prevent the circumvention or evasion thereof.

(h) The powers granted in this section shall not be used or made to operate to compel changes in the business practices, cost practices or methods, or means or aids to distribution, established in any industry, except to prevent circumvention or evasion of any regulation, order, price schedule, or requirement under this Act.

(i) No maximum price shall be established for any fishery commodity below the average price of such commodity in the year 1941.

AGRICULTURAL COMMODITIES

SEC. 3. (a) No maximum price shall be established or maintained for any agricultural commodity below the highest of any of the following prices, as determined and published by the Secretary of Agriculture: (1) 110 per centum of the parity price for such commodity, adjusted by the Secretary of Agriculture for grade, location, and seasonal differentials, or, in case a comparable price has been determined for such commodity under subsection (b), 110 per centum of such comparable price, adjusted in the same manner, in lieu of 110 per centum of the parity price so adjusted; (2) the market price prevailing for such commodity on October 1, 1941; (3) the market price prevailing for such commodity on December 15, 1941; or (4) the average price for such commodity during the period July 1, 1919, to June 30, 1929.

(b) For the purposes of this Act, parity prices shall be determined and published by the Secretary of Agriculture as authorized by law. In the case of any agricultural commodity other than the basic crops corn, wheat, cotton, rice, tobacco, and peanuts, the Secretary shall determine and publish a comparable price whenever he finds, after investigation and public hearing, that the production and consumption of such commodity has so changed in extent or character since the base period as to result in a price out of line with parity prices for basic commodities.

(c) No maximum price shall be established or maintained for any commodity processed or manufactured in whole or substantial part from any agricultural commodity below a price which will reflect to producers of such agricultural commodity a price for such agricultural commodity equal to the highest price therefor specified in subsection (a).

(d) Nothing contained in this Act shall be construed to modify, repeal, supersede, or affect the provisions of the Agricultural Marketing Agreement Act of 1937, as amended, or to invalidate any marketing agreement, license, or order, or any provision thereof or amendment thereto, heretofore or hereafter made or issued under the provisions of such Act.

(e) Notwithstanding any other provision of this or any other law, no action shall be taken under this Act by the Administrator or any other person with respect to any agricultural commodity without the prior approval of the Secretary of Agriculture; except that the Administrator may take such action as may be necessary under section 202 and section 205 (a) and (b) to enforce compliance with any regulation, order, price schedule or other requirement with respect to an agricultural commodity which has been previously approved by the Secretary of Agriculture.

(f) No provision of this Act or of any existing law shall be construed to authorize any action contrary to the provisions and purposes of this section.

PROHIBITIONS

SEC. 4. (a) It shall be unlawful, regardless of any contract, agreement, lease, or other obligation heretofore or hereafter entered into, for any person to sell or deliver any commodity, or in the course of trade or business to buy or receive any commodity, or to demand or receive any rent for any defense-area housing accommodations, or otherwise to do or omit to do any act, in violation of any regulation or order under section 2, or of any price schedule effective in accordance with the provisions of section 206, or of any regulation, order, or requirement under section 202 (b) or section 205 (f), or to offer, solicit, attempt, or agree to do any of the foregoing.

(b) It shall be unlawful for any person to remove or attempt to remove from any defense-area housing accommodations the tenant or occupant thereof or to refuse to renew the lease or agreement for the use of such accommodations, because such tenant or occupant has taken, or proposes to take, action authorized or required by this Act or any regulation, order, or requirement thereunder.

(c) It shall be unlawful for any officer or employee of the Government, or for any adviser or consultant to the Administrator in his official capacity, to disclose, otherwise than in the course of official duty, any information obtained under this Act, or to use any such information, for personal benefit.

(d) Nothing in this Act shall be construed to require any person to sell any commodity or to offer any accommodations for rent.

VOLUNTARY AGREEMENTS

SEC. 5. In carrying out the provisions of this Act, the Administrator is authorized to confer with producers, processors, manufacturers, retailers, wholesalers, and other groups having to do with commodities, and with representatives and associations thereof, to cooperate with any agency or person, and to enter into voluntary arrangements or agreements with any such persons, groups, or associations relating to the fixing of maximum prices, the issuance of other regulations or orders, or the other purposes of this Act, but no such arrangement or agreement shall modify any regulation, order, or price schedule previously issued which is effective in accordance with the provisions of section 2 or section 206. The Attorney General shall be promptly furnished with a copy of each such arrangement or agreement.

TITLE II—ADMINISTRATION AND ENFORCEMENT

ADMINISTRATION

SEC. 201. (a) There is hereby created an Office of Price Administration, which shall be under the direction of a Price Administrator (referred to in this Act as the "Administrator"). The Administrator shall be appointed by the President, by and with the advice and consent of the Senate, and shall receive compensation at the rate of \$12,000 per annum. The Administrator may, subject to the civil-service laws, appoint such employees as he deems necessary in order to carry out his functions and duties under this Act, and shall fix their compensation in accordance with the Classification Act of 1923, as amended. The Administrator may utilize the services of Federal, State, and local agencies and may utilize and establish such regional, local, or other agencies, and utilize such voluntary and uncompensated services, as may from time to time be needed. Attorneys appointed under this section may appear for and represent the Administrator in any case in any court. In the appointment, selection, classification, and promotion of officers and employees of the Office of Price Administration, no political test or qualification shall be permitted or given consideration, but all such appointments and promotions shall be given and made on the basis of merit and efficiency.

(b) The principal office of the Administrator shall be in the District of Columbia, but he or any duly authorized representative may exercise any or all of his powers in any place. The President is authorized to transfer any of the powers and functions conferred by this Act upon the Office of Price Administration with respect to a particular commodity or commodities to any other department or agency of the Government having other functions relating to such commodity or commodities, and to transfer to the Office of Price Administration any of the powers and functions relating to priorities or rationing conferred by law upon any other department or agency of the Government with respect to any particular commodity or commodities; but, notwithstanding any provision of this or any other law, no powers or functions conferred by law upon the Secretary of Agriculture shall be transferred to the Office of Price Administration or to the Administrator, and no powers or functions conferred by law upon any other department or agency of the Government with respect to any agricultural commodity, except powers and functions relating to priorities or rationing, shall be so transferred.

(c) The Administrator shall have authority to make such expenditures (including expenditures for personal services and rent at the seat of government and elsewhere; for lawbooks and books of reference; and for paper, printing, and binding) as he may deem necessary for the administration and enforcement of this Act. The provisions of section 3709 of the Revised Statutes shall not apply to the purchase of supplies and services by the Administrator where the aggregate amount involved does not exceed \$250.

(d) The Administrator may, from time to time, issue such regulations and orders as he may deem necessary or proper in order to carry out the purposes and provisions of this Act.

INVESTIGATIONS; RECORDS; REPORTS

SEC. 202. (a) The Administrator is authorized to make such studies and investigations and to obtain such information as he deems necessary or proper to assist him in prescribing any regulation or order under this Act, or in the administration and enforcement of this Act and regulations, orders, and price schedules thereunder.

(b) The Administrator is further authorized, by regulation or order, to require any person who is engaged in the business of dealing with any commodity, or who rents or offers for rent or acts as broker or agent for the rental of any housing accommodations, to furnish any such information under oath or affirmation or otherwise, to make and keep records and other documents, and to make reports, and he may require any such person to permit the inspection and copying of records and other documents, the inspection of inventories, and the inspection of defense-area housing accommodations. The Administrator may administer oaths and affirmations and may, whenever necessary, by subpoena require any such person to appear and testify or to appear and produce documents, or both, at any designated place.

(c) For the purpose of obtaining any information under subsection (a), the Administrator may by subpoena require any other person to appear and testify or to appear and produce documents, or both, at any designated place.

(d) The production of a person's documents at any place other than his place of business shall not be required under this section in any case in which, prior to the return date specified in the subpoena issued with respect thereto, such person either has furnished the Administrator with a copy of such documents (certified by such person under oath to be a true and correct copy), or has entered into a stipulation with the Administrator as to the information contained in such documents.

(e) In case of contumacy by, or refusal to obey a subpoena served upon, any person referred to in subsection (c), the district court for any district in which such person is found or resides or transacts business, upon application by the Administrator, shall have jurisdiction to issue an order requiring such person to appear and give testimony or to appear and produce documents, or both; and any failure to obey such order of the court may be punished by such court as a contempt thereof. The provisions of this subsection shall also apply to any person referred to in subsection (b), and shall be in addition to the provisions of section 4 (a).

(f) Witnesses subpoenaed under this section shall be paid the same fees and mileage as are paid witnesses in the district courts of the United States.

(g) No person shall be excused from complying with any requirements under this section because of his privilege against self-incrimination, but the immunity provisions of the Compulsory Testimony Act of February 11, 1893 (U. S. C., 1934 edition, title 49, sec. 46), shall apply with respect to any individual who specifically claims such privilege.

(h) The Administrator shall not publish or disclose any information obtained under this Act that such Administrator deems confi-

dential or with reference to which a request for confidential treatment is made by the person furnishing such information, unless he determines that the withholding thereof is contrary to the interest of the national defense and security.

PROCEDURE

SEC. 203. (a) Within a period of sixty days after the issuance of any regulation or order under section 2, or in the case of a price schedule, within a period of sixty days after the effective date thereof specified in section 206, any person subject to any provision of such regulation, order, or price schedule may, in accordance with regulations to be prescribed by the Administrator, file a protest specifically setting forth objections to any such provision and affidavits or other written evidence in support of such objections. At any time after the expiration of such sixty days any persons subject to any provision of such regulation, order, or price schedule may file such a protest based solely on grounds arising after the expiration of such sixty days. Statements in support of any such regulation, order, or price schedule may be received and incorporated in the transcript of the proceedings at such times and in accordance with such regulations as may be prescribed by the Administrator. Within a reasonable time after the filing of any protest under this subsection, but in no event more than thirty days after such filing or ninety days after the issuance of the regulation or order (or in the case of a price schedule, ninety days after the effective date thereof specified in section 206) in respect of which the protest is filed, whichever occurs later, the Administrator shall either grant or deny such protest in whole or in part, notice such protest for hearing, or provide an opportunity to present further evidence in connection therewith. In the event that the Administrator denies any such protest in whole or in part, he shall inform the protestant of the grounds upon which such decision is based, and of any economic data and other facts of which the Administrator has taken official notice.

(b) In the administration of this Act the Administrator may take official notice of economic data and other facts, including facts found by him as a result of action taken under section 202.

(c) Any proceedings under this section may be limited by the Administrator to the filing of affidavits, or other written evidence, and the filing of briefs.

REVIEW

SEC. 204. (a) Any person who is aggrieved by the denial or partial denial of his protest may, within thirty days after such denial, file a complaint with the Emergency Court of Appeals, created pursuant to subsection (c), specifying his objections and praying that the regulation, order, or price schedule protested be enjoined or set aside in whole or in part. A copy of such complaint shall forthwith be served on the Administrator, who shall certify and file with such court a transcript of such portions of the proceedings in connection with the protest as are material under the complaint. Such transcript shall include a statement setting forth, so far as practicable, the economic data and other facts of which the Administrator has taken official notice. Upon the filing of such complaint the court shall have

exclusive jurisdiction to set aside such regulation, order, or price schedule, in whole or in part, to dismiss the complaint, or to remand the proceeding: *Provided*, That the regulation, order, or price schedule may be modified or rescinded by the Administrator at any time notwithstanding the pendency of such complaint. No objection to such regulation, order, or price schedule, and no evidence in support of any objection thereto, shall be considered by the court, unless such objection shall have been set forth by the complainant in the protest or such evidence shall be contained in the transcript. If application is made to the court by either party for leave to introduce additional evidence which was either offered to the Administrator and not admitted, or which could not reasonably have been offered to the Administrator or included by the Administrator in such proceedings, and the court determines that such evidence should be admitted, the court shall order the evidence to be presented to the Administrator. The Administrator shall promptly receive the same, and such other evidence as he deems necessary or proper, and thereupon he shall certify and file with the court a transcript thereof and any modification made in the regulation, order, or price schedule as a result thereof; except that on request by the Administrator, any such evidence shall be presented directly to the court.

(b) No such regulation, order, or price schedule shall be enjoined or set aside, in whole or in part, unless the complainant establishes to the satisfaction of the court that the regulation, order, or price schedule is not in accordance with law, or is arbitrary or capricious. The effectiveness of a judgment of the court enjoining or setting aside, in whole or in part, any such regulation, order, or price schedule shall be postponed until the expiration of thirty days from the entry thereof, except that if a petition for a writ of certiorari is filed with the Supreme Court under subsection (d) within such thirty days, the effectiveness of such judgment shall be postponed until an order of the Supreme Court denying such petition becomes final, or until other final disposition of the case by the Supreme Court.

(c) There is hereby created a court of the United States to be known as the Emergency Court of Appeals, which shall consist of three or more judges to be designated by the Chief Justice of the United States from judges of the United States district courts and circuit courts of appeals. The Chief Justice of the United States shall designate one of such judges as chief judge of the Emergency Court of Appeals, and may, from time to time, designate additional judges for such court and revoke previous designations. The chief judge may, from time to time, divide the court into divisions of three or more members, and any such division may render judgment as the judgment of the court. The court shall have the powers of a district court with respect to the jurisdiction conferred on it by this Act; except that the court shall not have power to issue any temporary restraining order or interlocutory decree staying or restraining, in whole or in part, the effectiveness of any regulation or order issued under section 2 or any price schedule effective in accordance with the provisions of section 206. The court shall exercise its powers and prescribe rules governing its procedure in such manner as to expedite the determination of cases of which it has jurisdiction under this Act. The court may fix and establish a table of costs and

fees to be approved by the Supreme Court of the United States, but the costs and fees so fixed shall not exceed with respect to any item the costs and fees charged in the Supreme Court of the United States. The court shall have a seal, hold sessions at such places as it may specify, and appoint a clerk and such other employees as it deems necessary or proper.

(d) Within thirty days after entry of a judgment or order, interlocutory or final, by the Emergency Court of Appeals, a petition for a writ of certiorari may be filed in the Supreme Court of the United States, and thereupon the judgment or order shall be subject to review by the Supreme Court in the same manner as a judgment of a circuit court of appeals as provided in section 240 of the Judicial Code, as amended (U. S. C., 1934 edition, title 28, sec. 347). The Supreme Court shall advance on the docket and expedite the disposition of all causes filed therein pursuant to this subsection. The Emergency Court of Appeals, and the Supreme Court upon review of judgments and orders of the Emergency Court of Appeals, shall have exclusive jurisdiction to determine the validity of any regulation or order issued under section 2, of any price schedule effective in accordance with the provisions of section 206, and of any provision of any such regulation, order, or price schedule. Except as provided in this section, no court, Federal, State, or Territorial, shall have jurisdiction or power to consider the validity of any such regulation, order, or price schedule, or to stay, restrain, enjoin, or set aside, in whole or in part, any provision of this Act authorizing the issuance of such regulations or orders, or making effective any such price schedule, or any provision of any such regulation, order, or price schedule, or to restrain or enjoin the enforcement of any such provision.

ENFORCEMENT

SEC. 205. (a) Whenever in the judgment of the Administrator any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provision of section 4 of this Act, he may make application to the appropriate court for an order enjoining such acts or practices, or for an order enforcing compliance with such provision, and upon a showing by the Administrator that such person has engaged or is about to engage in any such acts or practices a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

(b) Any person who willfully violates any provision of section 4 of this Act, and any person who makes any statement or entry false in any material respect in any document or report required to be kept or filed under section 2 or section 202, shall, upon conviction thereof, be subject to a fine of not more than \$5,000, or to imprisonment for not more than two years in the case of a violation of section 4 (c) and for not more than one year in all other cases, or to both such fine and imprisonment. Whenever the Administrator has reason to believe that any person is liable to punishment under this subsection, he may certify the facts to the Attorney General, who may, in his discretion, cause appropriate proceedings to be brought.

(c) The district courts shall have jurisdiction of criminal proceedings for violations of section 4 of this Act, and, concurrently with

State and Territorial courts, of all other proceedings under section 205 of this Act. Such criminal proceedings may be brought in any district in which any part of any act or transaction constituting the violation occurred. Except as provided in section 205 (f) (2), such other proceedings may be brought in any district in which any part of any act or transaction constituting the violation occurred, and may also be brought in the district in which the defendant resides or transacts business, and process in such cases may be served in any district wherein the defendant resides or transacts business or wherever the defendant may be found. Any such court shall advance on the docket and expedite the disposition of any criminal or other proceedings brought before it under this section. No costs shall be assessed against the Administrator or the United States Government in any proceeding under this Act.

(d) No person shall be held liable for damages or penalties in any Federal, State, or Territorial court, on any grounds for or in respect of anything done or omitted to be done in good faith pursuant to any provision of this Act or any regulation, order, price schedule, requirement, or agreement thereunder, or under any price schedule of the Administrator of the Office of Price Administration or of the Administrator of the Office of Price Administration and Civilian Supply, notwithstanding that subsequently such provision, regulation, order, price schedule, requirement, or agreement may be modified, rescinded, or determined to be invalid. In any suit or action wherein a party relies for ground of relief or defense upon this Act or any regulation, order, price schedule, requirement, or agreement thereunder, the court having jurisdiction of such suit or action shall certify such fact to the Administrator. The Administrator may intervene in any such suit or action.

(e) If any person selling a commodity violates a regulation, order, or price schedule prescribing a maximum price or maximum prices, the person who buys such commodity for use or consumption other than in the course of trade or business may bring an action either for \$50 or for treble the amount by which the consideration exceeded the applicable maximum price, whichever is the greater, plus reasonable attorney's fees and costs as determined by the court. For the purposes of this section the payment or receipt of rent for defense-area housing accommodations shall be deemed the buying or selling of a commodity, as the case may be. If any person selling a commodity violates a regulation, order, or price schedule prescribing a maximum price or maximum prices, and the buyer is not entitled to bring suit or action under this subsection, the Administrator may bring such action under this subsection on behalf of the United States. Any suit or action under this subsection may be brought in any court of competent jurisdiction, and shall be instituted within one year after delivery is completed or rent is paid. The provisions of this subsection shall not take effect until after the expiration of six months from the date of enactment of this Act.

(f) (1) Whenever in the judgment of the Administrator such action is necessary or proper in order to effectuate the purposes of this Act and to assure compliance with and provide for the effective enforcement of any regulation or order issued or which may be issued under section 2, or of any price schedule effective in accordance with

the provisions of section 206, he may by regulation or order issue to or require of any person or persons subject to any regulation or order issued under section 2, or subject to any such price schedule, a license as a condition of selling any commodity or commodities with respect to which such regulation, order, or price schedule is applicable. It shall not be necessary for the Administrator to issue a separate license for each commodity or for each regulation, order, or price schedule with respect to which a license is required. No such license shall contain any provision which could not be prescribed by regulation, order, or requirement under section 2 or section 202: *Provided*, That no such license may be required as a condition of selling or distributing (except as waste or scrap) newspapers, periodicals, books, or other printed or written material, or motion pictures, or as a condition of selling radio time: *Provided further*, That no license may be required of any farmer as a condition of selling any agricultural commodity produced by him, and no license may be required of any fisherman as a condition of selling any fishery commodity caught or taken by him: *Provided further*, That in any case in which such a license is required of any person, the Administrator shall not have power to deny to such person a license to sell any commodity or commodities, unless such person already has such a license to sell such commodity or commodities, or unless there is in effect under paragraph (2) of this subsection with respect to such person an order of suspension of a previous license to the extent that such previous license authorized such person to sell such commodity or commodities.

(2) Whenever in the judgment of the Administrator a person has violated any of the provisions of a license issued under this subsection, or has violated any of the provisions of any regulation, order, or requirement under section 2 or section 202 (b), or any of the provisions of any price schedule effective in accordance with the provisions of section 206, which is applicable to such person, a warning notice shall be sent by registered mail to such person. If the Administrator has reason to believe that such person has again violated any of the provisions of such license, regulation, order, price schedule, or requirement after receipt of such warning notice, the Administrator may petition any State or Territorial court of competent jurisdiction, or a district court subject to the limitations hereinafter provided, for an order suspending the license of such person for any period of not more than twelve months. If any such court finds that such person has violated any of the provisions of such license, regulation, order, price schedule, or requirement after the receipt of the warning notice, such court shall issue an order suspending the license to the extent that it authorizes such person to sell the commodity or commodities in connection with which the violation occurred, or to the extent that it authorizes such person to sell any commodity or commodities with respect to which a regulation or order issued under section 2, or a price schedule effective in accordance with the provisions of section 206, is applicable; but no such suspension shall be for a period of more than twelve months. For the purposes of this subsection, any such proceedings for the suspension of a license may be brought in a district court if the licensee is doing business in more than one State, or if his gross sales exceed \$100,000 per annum. Within thirty days after the entry of the judgment or order of any

court either suspending a license, or dismissing or denying in whole or in part the Administrator's petition for suspension, an appeal may be taken from such judgment or order in like manner as an appeal may be taken in other cases from a judgment or order of a State, Territorial, or district court, as the case may be. Upon good cause shown, any such order of suspension may be stayed by the appropriate court or any judge thereof in accordance with the applicable practice; and upon written stipulation of the parties to the proceeding for suspension, approved by the trial court, any such order of suspension may be modified, and the license which has been suspended may be restored, upon such terms and conditions as such court shall find reasonable. Any such order of suspension shall be affirmed by the appropriate appellate court if, under the applicable rules of law, the evidence in the record supports a finding that there has been a violation of any provision of such license, regulation, order, price schedule, or requirement after receipt of such warning notice. No proceedings for suspension of a license, and no such suspension, shall confer any immunity from any other provision of this Act.

SAVING PROVISIONS

SEC. 206. Any price schedule establishing a maximum price or maximum prices, issued by the Administrator of the Office of Price Administration or the Administrator of the Office of Price Administration and Civilian Supply, prior to the date upon which the Administrator provided for by section 201 of this Act takes office, shall, from such date, have the same effect as if issued under section 2 of this Act until such price schedule is superseded by action taken pursuant to such section 2. Such price schedules shall be consistent with the standards contained in section 2 and the limitations contained in section 3 of this Act, and shall be subject to protest and review as provided in section 203 and section 204 of this Act. All such price schedules shall be reprinted in the Federal Register within ten days after the date upon which such Administrator takes office.

TITLE III—MISCELLANEOUS

QUARTERLY REPORT

SEC. 301. The Administrator from time to time, but not less frequently than once every ninety days, shall transmit to the Congress a report of operations under this Act. If the Senate or the House of Representatives is not in session, such reports shall be transmitted to the Secretary of the Senate, or the Clerk of the House of Representatives, as the case may be.

DEFINITIONS

SEC. 302. As used in this Act—

(a) The term "sale" includes sales, dispositions, exchanges, leases, and other transfers, and contracts and offers to do any of the foregoing. The terms "sell", "selling", "seller", "buy", and "buyer", shall be construed accordingly.

(b) The term "price" means the consideration demanded or received in connection with the sale of a commodity.

(c) The term "commodity" means commodities, articles, products, and materials (except materials furnished for publication by any press association or feature service, books, magazines, motion pictures, periodicals and newspapers, other than as waste or scrap), and it also includes services rendered otherwise than as an employee in connection with the processing, distribution, storage, installation, repair, or negotiation of purchases or sales of a commodity, or in connection with the operation of any service establishment for the servicing of a commodity: *Provided*, That nothing in this Act shall be construed to authorize the regulation of (1) compensation paid by an employer to any of his employees, or (2) rates charged by any common carrier or other public utility, or (3) rates charged by any person engaged in the business of selling or underwriting insurance, or (4) rates charged by any person engaged in the business of operating or publishing a newspaper, periodical, or magazine, or operating a radio-broadcasting station, a motion-picture or other theater enterprise, or outdoor advertising facilities, or (5) rates charged for any professional services.

(d) The term "defense-rental area" means the District of Columbia and any area designated by the Administrator as an area where defense activities have resulted or threaten to result in an increase in the rents for housing accommodations inconsistent with the purposes of this Act.

(e) The term "defense-area housing accommodations" means housing accommodations within any defense-rental area.

(f) The term "housing accommodations" means any building, structure, or part thereof, or land appurtenant thereto, or any other real or personal property rented or offered for rent for living or dwelling purposes (including houses, apartments, hotels, rooming or boarding house accommodations, and other properties used for living or dwelling purposes) together with all privileges, services, furnishings, furniture, and facilities connected with the use or occupancy of such property.

(g) The term "rent" means the consideration demanded or received in connection with the use or occupancy or the transfer of a lease of any housing accommodations.

(h) The term "person" includes an individual, corporation, partnership, association, or any other organized group of persons, or legal successor or representative of any of the foregoing, and includes the United States or any agency thereof, or any other government, or any of its political subdivisions, or any agency of any of the foregoing: *Provided*, That no punishment provided by this Act shall apply to the United States, or to any such government, political subdivision, or agency.

(i) The term "maximum price", as applied to prices of commodities means the maximum lawful price for such commodities, and the term "maximum rent" means the maximum lawful rent for the use of defense-area housing accommodations. Maximum prices and maximum rents may be formulated, as the case may be, in terms of prices, rents, margins, commissions, fees, and other charges, and allowances.

(j) The term "documents" includes records, books, accounts, correspondence, memoranda, and other documents, and drafts and copies of any of the foregoing.

(k) The term "district court" means any district court of the United States, and the United States Court for any Territory or other place subject to the jurisdiction of the United States; and the term "circuit courts of appeals" includes the United States Court of Appeals for the District of Columbia.

SEPARABILITY

SEC. 303. If any provision of this Act or the application of such provision to any person or circumstances shall be held invalid, the validity of the remainder of the Act and the applicability of such provision to other persons or circumstances shall not be affected thereby.

APPROPRIATIONS AUTHORIZED

SEC. 304. There are authorized to be appropriated such sums as may be necessary or proper to carry out the provisions and purposes of this Act.

APPLICATION OF EXISTING LAW

SEC. 305. No provision of law in force on the date of enactment of this Act shall be construed to authorize any action inconsistent with the provisions and purposes of this Act.

SHORT TITLE

SEC. 306. This Act may be cited as the "Emergency Price Control Act of 1942".

Approved, January 30, 1942.

10-23

